



Europe's Business Newspaper

IMF predicts world economic growth of 3% in 1994

The International Monetary Fund is forecasting world economic growth of about 3 per cent this year, with a stronger recovery to between 3% and 4 per cent growth in 1995. In its world economic outlook, due to be published on Wednesday just before the twice-yearly meeting of finance ministers on the IMF's interim committee, the IMF predicts that global growth this year will approach the average level achieved in 1978-88, before moving higher next year. Growth in the developing countries is expected to remain "remarkably steady", an IMF official said, while in the industrialised world only the US, Canada, the UK and Nordic countries have pulled out of recession. Page 4

Santa Fe Pacific, US railroad and pipeline group, is to float its gold subsidiary on the New York Stock Exchange on terms which value Santa Fe Gold Corporation at between \$1.75bn and \$2.1bn. Page 12

Brazil completes debt deal: Brazil has completed the restructuring of about \$45bn of commercial debt, ending more than a decade of uncertainty over its relations with the international financial community. Page 4

Israel eases Palestinian ban: Israel slightly eased an 11-day-old ban barring the nearly 2m Palestinians from entering Israel but said closure of the occupied territories would continue indefinitely. Page 4

Solbes predicts economic growth in Spain

The Spanish government is increasingly confident its economy will grow this year following last year's decline. Economy and finance minister Pedro Solbes (left) said the current account could break even for the first time since 1986, when Spain joined the European Community. Last year it showed a deficit of \$4.5bn. Page 2

Berlusconi distances business interests: Silvio Berlusconi, expected to become Italy's next prime minister, has moved to distance himself from his Fininvest business empire by altering plans for the flotation of his publishing interests and accepting the principle of a majority stake being in public hands. Page 2

Barclays UK bank is to announce the creation of a management group to handle relationships with large companies as part of reforms intended to bridge the divide between its commercial and investment banking arms. Page 13

Slow growth in UK retail sales: UK retail sales grew only slowly in March, according to a survey by the Confederation of British Industry which will be seen as further evidence that consumers have become cautious ahead of increases in taxation due this month. Page 5

Atlantic Computers: A planned payout to creditors of the failed UK computer leasing company has been cancelled, following news of an impending £1bn legal claim, its administrator said. Page 13

Britain's railways face tighter budgets: A squeeze on the £1.6bn (£2.6bn) cost of maintaining Britain's rail network has been pledged by Bob Horton, chairman of Railtrack, the company which this month took over management of British Rail's infrastructure. Page 5

European Monetary System: The Irish punt stayed at the top of the EMS grid after a week in which Germany cut both its official interest rates by 25 basis points, causing a number of other European countries to follow suit. The Spanish peseta slipped two places in the grid, below the French franc and the Danish krone, staying just ahead of the Portuguese escudo. Currencies. Page 25

EMS: Grid

Irish Punt	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25
Deutsche Mark	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25
French Franc	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25
Swiss Franc	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25
Italian Lira	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25
Spanish Peseta	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25
Portuguese Escudo	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25

EU expansion faces snag: Expansion of the European Union to bring in Sweden, Finland, Austria and Norway in January next year could hinge on the votes of a score of former Italian communists in the European Parliament. Page 2

Chinese leader to tour Silk Road: China's premier Li Peng begins a tour of Central Asia and Kazakhstan today, trying to nurture trade on the old Silk Road and halt a separatist backlash. Page 2

Theatre to be named after Gielgud: A theatre in London's West End is to be renamed after leading British actor Sir John Gielgud, in honour of his 90th birthday last week.

Austria **Swit** **Greece** **Do350** **Lis** **LP16** **Ost** **OR1200**
Bahrain **Um120** **Hong Kong** **HS115** **Malta** **Um130** **S. Africa** **SR11**
Belgium **BF15** **Germany** **FR185** **Morocco** **MD115** **Singapore** **SR430**
Bulgaria **Le150** **Iceland** **KG15** **Neth** **R 400** **Stock Exch** **SR150**
Costa Rica **CR10** **India** **RG5** **Nigeria** **NR120** **Poland** **PL120**
Croatia **CG150** **Ireland** **SL120** **Norway** **NR170** **Spain** **SP125**
Denmark **DK150** **Japan** **Y100** **Pakistan** **PK150** **Switz** **SP120**
Egypt **EG150** **Japan** **Y100** **Pakistan** **PK150** **Switz** **SP120**
Finland **FI110** **Japan** **Y100** **Philippines** **Ph150** **Syria** **SD100**
Germany **FR100** **Kuwait** **FE125** **Poland** **PL132,000** **Turkey** **TR1200**
Italy **IT100** **Lebanon** **US1150** **Portugal** **Ec125** **UAE** **DN1200**

FINANCIAL TIMES

MONDAY APRIL 18 1994

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Deutsche Bank had early warning over Schneider

By David Waller in Frankfurt

Deutsche Bank, the biggest creditor to the bankrupt Jürgen Schneider property group, was told about the impending crisis at the privately owned company four days before the group's difficulties were made public last week.

Mr Hellmut Hartmann, chief press spokesman for Deutsche Bank, said yesterday that Mr Jürgen Schneider, the property developer who built up the group

that bears his name, wrote to a member of the bank's board saying that on medical advice he had had to travel to an unknown destination and give up day-to-day responsibility for managing the business.

Mr Hartmann denied that Deutsche Bank could have prevented Mr Schneider's departure, as in the letter he indicated that he had already left Germany.

The letter highlights the closeness of the German's biggest bank to the failed property developer.

Deutsche

is thought to be owed Dm1.2bn (\$700m) by Schneider out of a total of at least Dm2.5bn owed to more than 40 bank creditors. Tradesmen and small businesses are owed another Dm2.5bn. The group's remaining cash resources were estimated at just Dm5m when Jürgen Schneider AG, the holding company at the heart of the group, filed for bankruptcy last Friday.

Deutsche

Bank is believed to be the only bank to have received a communication of this nature

from Mr Schneider. In the letter, Mr Schneider asked Mr Ulrich Weise of the Deutsche Bank to provide further cash for the company in his absence and if necessary to implement an orderly winding up of the property group's affairs. The letter arrived at Deutsche's headquarters in Frankfurt by special messenger on Thursday April 7.

Deutsche

Bank

is to sue Schneider in his absence, in his absence, his wife Claudia and his daughter Isabell.

Speculation continues about Mr Schneider's whereabouts, with suggestions that he has fled to either Iran or Florida.

After receiving the letter, the bank quickly started talks with Jürgen Schneider AG officials. The bank rejected the request for further finance on April 10.

The group's difficulties were made public late last Monday.

Three days later Deutsche sued Mr Schneider, in his absence, alleging fraud.

Deutsche has insisted that it was not the company's "house bank", with an especially close relationship to the group, as is common in Germany.

In its fraud claim, Deutsche alleged that Mr Schneider provided false information in documents used to support a loan application for the Zellgalerie shopping development in Frankfurt's city centre.

Serbs' drive on Gorazde puts UN policy in tatters

By Laura Silber in Belgrade and Bruce Clark in London

Bosnian Serb forces edged back from the centre of Gorazde last night after sending armoured into the heart of the town and leaving in tatters the United Nations and Nato policy of making the Bosnian enclave a safe haven.

Mr Radovan Karadzic, the Bosnian Serb leader, said he had ordered a ceasefire to come into force today at 8am and he had approved the creation of a 3 km exclusion zone around the town.

The Serb withdrawal ended a day in which UN policy seemed to be in increasing disarray. The latest advance followed an earlier UN claim that it had negotiated a ceasefire and an agreement to deploy 350 peacekeepers in the beleaguered town.

More than 20,000 residents of outlying parts of the enclave took shelter in the town centre as Serb forces took up position half a mile away and cut the town in two by raining fire on its central bridge across the river Drina.

Efforts to send aircraft over

Gorazde were hampered yesterday by the absence of UN ground troops, who in the past have guided Nato fighters to their targets.

The latest Serb onslaught was in direct violation of promises to Mr Vitaly Churkin, the Russian peace envoy, to observe a cease fire. Russian officials acknowledged that the Serbs had misbehaved but added that Western air strikes were partly responsible for the deteriorating situation.

The latest Serb advances amount to a humiliating reversal for Western governments, which have declared Gorazde a safe area but have been unable to prevent its effective capture, even after recourse to air power.

Mr Boutros Boutros-Ghali, the UN secretary-general, said he would today consider ways to ensure that the Serbs complied with UN resolutions. But Mr Yasushi Akashi, his representative in Bosnia, said UN forces might have to withdraw from Gorazde.

An aid worker in Gorazde said there appeared to be a deliberate "Serbian policy to herd people into such a small space that their UN personnel would be freed."

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conditions

become

unbearable.

The Serbs' capture of the town will help them to establish a greater Serbia - one of their key war aims. It will establish an uninterrupted link between their territory in eastern Bosnia and Serbia proper. They will now be negotiating from strength and will control the strategic heights outside the town.

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Number may be up for EU accession

By David Gardner
in Brussels

Expansion of the European Union to bring in Sweden, Finland, Austria and Norway in January next year could now hinge on the votes of a score of former Italian communists in the European Parliament.

Following the near collapse of the enlargement process over the now-settled row between Britain and its partners over EU voting rights, it is emerging that the European Parliament may not be able to muster the requisite votes on the accession treaty for entry to take place on time.

Any setback in a tight timetable could further inhibit the at-best lukewarm enthusiasm for Europe among the populations of the four applicant countries, all of which must submit Union membership to referendum.

The European Parliament has to approve the accession treaty by a majority of 260 of its 518 members on May 4 to keep to the timetable. After May the Strasbourg assembly dissolves for the June European elections, and could not look again at enlargement until September at the earliest. This would derail the four newcomers' referendum plans.

But senior officials at the parliament, after canvassing the main political blocks, have so far secured pledges of only 248 votes at best.

Part of the problem is that about a quarter of MEPs rarely attend the parliament. Around half can expect to be replaced in June and, in May, many will be campaigning for re-election.

The apparatus of the two largest blocks, the 198-strong Socialist group and the Christian Democrats - numbering 162, including 32 British Conservatives - are exerting strong pressure on their constituent parts to attend and to pass the enlargement.

But on the latest calculations the Christian Democrats can only field 100 votes and the Socialists 102. Among the smaller groups, 22 liberals, 14 French Gaullists and Irish Fianna Fail members, and three rebel Greens bump the figure up to 248 - 12 short of a majority.

The key lies, therefore, in the Socialist bloc where the only, as yet, undecided group big enough is the 31-strong Socialists which, following the implosion of the Italian Socialist party, in practical terms means the 20 MEPs of the Party of the Democratic Left (PDS) or former communists.

Belgian, Dutch, and some German and French Socialists - as well as some Christian Democrats from these countries - are refusing to back the enlargement because they want a "deepening" of integration to accompany the Union's "widening".

They are annoyed at the marginal concessions on voting rights made to the UK last month, which they argue will make EU decision-making, in which the parliament has a greater stake after Maastricht, more difficult.

Even five of the 45 British Labour MEPs, ordered by their party leader Mr John Smith to support the enlargement, appear unlikely to vote Yes.

This line-up could change, especially following intensive lobbying by Scandinavian and Austrian Socialist leaders this week.

Mrs Gro Harlem Brundtland, the Norwegian prime minister, Mr Carl Bildt, the Swedish premier, and a phalanx of applicant country ministers will continue the lobbying in Strasbourg tomorrow.

Member states' political expediencies will ultimately determine fate of Bosnia effort

UN exposed by debacle in Gorazde

By Bruce Clark

Britain's Ministry of Defence was yesterday referring all inquiries about its troops' involvement in the worsening conflict in Bosnia to Unprofor, the UN protection force.

But when Mr Malcolm Rifkind, UK defence secretary, is challenged about the issue in parliament this week, that sort of answer will not be enough. He will have to account for his own stewardship of Britain's armed forces.

In Washington, politicians sometimes talk about the US involvement in Bosnia as though it was a purely national concern; and other times they remember to proclaim their dogged compliance with whatever they are told by the UN.

With the UN's fire-power and bureaucratic empire growing by the day, politicians in many countries have been tempted to use it as an alibi when things go wrong. But the disastrous setbacks of recent days have left the UN in danger of being exposed as a colossus with feet of clay: certainly no more, and often less, than the sum of its national parts.

Mr Yasushi Akashi, the senior UN representative in Yugoslavia, suggested at the weekend that the UN might have to withdraw from Bosnia altogether. For Mr Akashi and the UN secretariat, this would be a logical response to an unsustainable position. But individual members of the Security Council have entirely different, often conflicting, considerations to take into account. Therein lies the UN's weakness. It does not speak with a single voice, and not even its enemies treat it as a single institution.

The Serbs' attack on a British unit in the Sarajevo area over the weekend would suggest that, at least, are not influenced by the colour of soldiers' helmets: they know who their enemy is.

Despite speculation of splits among the

five permanent members of the Security Council have vested huge powers in the UN and its bureaucracy, but as the Gorazde debacle has shown they have sharply contrasting ideas about how those powers should be used.

Moreover, the UN's ability to exercise its responsibilities depends in practice on contributions of men and money from governments which can be abruptly withdrawn. The UN in Bosnia has been forced to combine the jobs of consensus-builder - dependent on co-operation from the warring parties - and policeman.

Mr Akashi found himself in the former role yesterday when he unsuccessfully asked the Serbs to hold their fire in Gorazde and release 150 UN personnel. He stated on Saturday that if the Bosnian Serbs continued to withhold co-operation, then it would be "meaningless" for the UN forces to remain in Bosnia.

His logic was clear enough. It might have been possible for the UN to mix consensus with coercion if the coercion had been so massive that it brought all the parties to the table in a conciliatory mood. But, in practice, coercion has proved less effective than western governments hoped, leaving



On the offensive: Bosnian Serb tank operators in buoyant mood as they wait for battle near Gorazde

the UN's position almost untenable.

In the end, however, the fate of the UN effort in Bosnia will depend not on Mr Akashi's sound logic, but on the political expediencies weighing on national governments.

The UN's vulnerability reflects Washington's recent refusal to finance an increase in Unprofor's numbers.

US and British officials will be weighing up the domestic political cost of casualties in an ugly, confusing war against

the outrage that a massacre of

Muslims would arouse both at home and in friendly Islamic countries like Turkey and Saudi Arabia.

Nato governments have insisted that air strikes have been used to protect a handful

of UN personnel, not the 65,000 residents of Gorazde. But western leaders will not escape the political consequences of a riot in Gorazde even if the final purpose of the UN mission - to protect its staff - is secured through a successful evacuation.

Islamic wrath will fall more

on the west, which has dis-

appointed the Bosnians with false

promises that on Russia,

which is openly pro-Serb.

Moscow has some reason to be embarrassed by the Serbs' continued offensive. Yet Mr Andrei Kozyrev, Moscow's foreign minister, never made the extravagant claims on behalf of his diplomatic approach that were repeatedly advanced by armchair advocates in the west of "bombing the Serbs".

Mr Kozyrev will now tell his western counterparts in the Security Council that Russian diplomacy sometimes works whereas western air strikes do not work at all.

SERBS EXCEL IN THE POLITICS OF BRINKMANSHIP

Mr Radovan Karadzic, Bosnian Serb leader, recently boasted that "the west had played its last card". Laura Silber writes from Belgrade. He has revelled in recent Serb successes, proclaiming that his people are on the verge of defeating not only their Muslim foes in Gorazde, but the entire western world.

Serb leaders have excelled in the politics of brinkmanship, brazenly snubbing the west - and even their traditional friends in Russia - as they pursue their political and military goals. Last week Mr Karadzic proudly told Serb troops besieging Gorazde: "You are the best army in Europe."

Despite speculation of splits among the

political and military chiefs, Serb leaders appear united in the face of western indecision.

When Gen Sir Michael Rose, UN commander in Bosnia, last week requested close air support to protect UN personnel under fire in Gorazde, they added him to their list of international actors who had to be humiliated.

"General Rose has finished his mission in Bosnia", said Mr Momcilo Krajisnik, speaker of the Bosnian Serb "parliament".

While President Slobodan Milosevic of Serbia has held back from displaying open derision towards the west, the Serbian media have hailed the onslaught on

Gorazde. Serbian television has broadcast pictures of a ruddy-faced Gen Ratko Mladic, the Bosnian Serb commander, surveying the advance of his troops from the high ground around Gorazde.

Banner headlines rejoiced over the Serb forces shooting down of a British Harrier jet over Gorazde, an incident taken as proof of Nato's weakness in comparison with the Serbian army.

The military moves in Bosnia in defiance of the outside world have been echoed by the political front in Serbia. The leadership in Belgrade has restricted the movement of UN personnel inside the Serbian republic, and introduced entrance visas.

Right-wing allies see their candidates elected as speakers

Way clear for Forza Italia chief

By Robert Graham in Rome

The slow constitutional procedure for forming a new Italian government grinds into gear this week when President Oscar Luigi Scalfaro begins talks with the leaders of political parties.

It is now a virtual certainty that Mr Silvio Berlusconi, the media magnate, will be called upon to head the next government, but he is unlikely to be given the mandate until after April 25.

On April 25 Italy celebrates the nation's liberation from fascism and Nazi occupation. President Scalfaro is said to be anxious to avoid this being turned into a destabilising demonstration against the new

right-wing government that is backed by the neo-fascist MSI/National Alliance which is inspired by the ideals of Mussolini.

The way was opened at the weekend for forming the next government by the election of the speakers of the two houses of parliament. The Freedom Alliance, composed of three main parties - Mr Berlusconi's Forza Italia, the populist Northern League, and the National Alliance - and the small Christian Democrat Centre succeeded in having both their candidates elected.

This is the first time in Italy's post-war parliamentary history that a future governing alliance has sought to impose its own candidates and not

seek a broader consensus with the opposition. The move was intended as a deliberate break with the past where the opposition was co-opted into being part of the political system by agreeing to share some of the senior offices of state - such as the speaker of the chamber of deputies.

The new speaker of the chamber of deputies is Ms Irene Pivetti, a militant catholic aged 31, who was first elected as a League deputy in 1992. She is the youngest speaker ever and was elected with 347 of the 617 votes cast in the 630-seat chamber.

Ms Pivetti raised some eyebrows by her acceptance speech in which she openly dedicated herself to God and

ignored both the traditional homage to the outgoing speaker, Mr Giorgio Napolitano, the highly respected former communist, and the normal respectful address of the house members as "honourable".

In the Senate, the Freedom Alliance candidate Mr Carlo Scognamiglio, a Liberal senator who defected to Forza Italia, just managed to win the fourth round against outgoing speaker Mr Giovanni Spadolini by 162 votes against 151.

After the first round of voting on Friday, which Mr Scognamiglio lost, Mr Berlusconi was warned fresh general elections might be necessary. This threat brought a sharp rebuke from President Scalfaro.

He admitted that privatisation in Spain had been "slow and limited" but added that there were few companies that could easily be privatised. It would be unrealistic to expect state steel, coal or shipbuilding companies to be demarcated.

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Spain hoped to review its convergence programme with the EU in July.

Reflecting growing government anxiety over the controversy surrounding Mr Mariano Rubio, the former Bank of Spain governor, Mr Solbes said it would be "enormously negative from all points of view" if allegations of tax evasion by Mr Rubio were proved true.

Spain expects exports to lead recovery

By David White in Madrid

half. The government has a 3.5 per cent target for the year.

Mr Solbes, a political independent in the Socialist government, emphasised the need to cut public spending, which, including regional government expenditure, accounted for more than 7 per cent of GDP last year. Spain was running out of leeway to increase tax revenues and needed to go further with budget control, he said. This had to include reducing subsidies to loss-making state companies.

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One possibility would be to raise a Eurodollar loan, and work had to be done on signing a deal with the International Monetary Fund.

Leadership has its responsibilities. Russia has sought to bring Armenia and Azerbaijan to the negotiating table to solve the Nagorno-Karabakh problem and has won an agreement to put its peacekeepers into Abkhazia. These may draw its troops into vicious and apparently intractable conflicts but will increase Moscow's power and prestige while giving its army something to do.

This month's meeting of the CIS could, in retrospect, be seen as the watershed of the organisation: the one when, after 2½ years when its existence was in doubt and when its proceedings drowned in unfulfilled treaties, Russia took control.

Mr Karaganov's choice between Union and empire has still to be made but there is now little doubt that the trend is towards one or the other.

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NEWS: INTERNATIONAL

WORLD NEWS DIGEST

EBRD credit to rocket group

The European Bank for Reconstruction (EBRD), designed to help finance eastern Europe's post-cold war transition to a market economy, yesterday signed a \$10.2m credit line for a privatised Russian company which used to make inter-continental missiles aimed at western targets. Mr Jacques de Larosière, president of the slimmed-down and re-focused bank, and Mr Victor Chernomyrdin, the Russian prime minister, began the bank's annual meeting yesterday with the formal signature in St Petersburg of a deal which backs the first use of a Russian Proton rocket as the launcher for a western communications satellite.

Mr Ron Freeman, the bank's first vice-president, hailed the deal as the bank's first venture into the conversion of the military aerospace industry. Apart from agreeing the standby facility for Khrunichev, the Russian aerospace company, the bank also helped to secure a waiver of former Cocom restrictions needed to import the \$36m high-tech Intarsat satellite into Russia for launching in 1995 and in obtaining insurance through Lloyd's in London, he added. Saab/Scania of Sweden is adapting the satellite for launch at a cost of \$10m. The EBRD has committed over \$560m to projects in Russia and disbursed over \$100m. *Anthony Robinson, St Petersburg*

Moscow delays taxes

The increased tariffs on a wide range of imported goods originally imposed by the Russian government from March 15 have been delayed until July 1, according to a government statement. The decision followed what the *Kommersant Daily* newspaper called at the weekend "a wave of protests from the cities" over the prospective price rises on imported goods, which in some large centres make up 25 per cent of the shopping basket. It also follows strong protests from foreign states, led by the US. Mr Ron Brown, US commerce secretary, raised the issue last month with Mr Victor Chernomyrdin and received a pledge that the tariffs would be re-examined. *John Lloyd, Moscow*

Balladur losing out to Chirac

Mr Edouard Balladur, the centre-right French prime minister, failed to halt the decline in his popularity in the latest opinion polls, and is now losing ground against Mr Jacques Chirac, the Paris mayor, as the favourite contender in next spring's presidential elections. The prime minister's approval rating fell by two points in the past month to 43 per cent, according to the authoritative Ifop poll published in yesterday's *Journal du Dimanche* newspaper.

This decline marks a stark contrast to his stellar performance last year. Perceptions of Mr Balladur have since been clouded by a series of humiliating climbdowns culminating in this spring's virtual abandonment of plans for a new minimum youth wage after violent protests by young people and students. He has also been dogged by his government's failure to halt the rise in unemployment. *Alice Rauschorn, Paris*

Irish rail strike called off

A threatened national rail strike in Ireland, due to have begun at the weekend, was called off at the 11th hour after management and unions agreed to arbitration by the country's Labour Court. The dispute is over changes to work practices and the introduction of new technology on Ireland's antiquated rail network. Forty staff had been suspended for refusing to participate in training courses on the new technology, but following Friday's agreement, they have now been reinstated and the management has decided to postpone for one month the introduction of a productivity package pending the below-Court ruling. Ireland's gross annual deficit (\$122m) a year and is estimated to require some \$200m in new investment to modernise its rail network, rolling stock and signalling and ticketing systems. *Tim Coote, Dublin*

Mexico trade deficit up sharply

Mexico's trade deficit deteriorated sharply to \$1.53bn in February, an increase of 34 per cent over the same period last year. The unexpectedly high deficit may put additional pressure on the peso, which is already trading at the limit against the dollar allowed by the central bank. The February deficit was pushed up by a 19 per cent increase in imports, which reached \$8.02bn in February. Exports rose to \$4.5bn, a 17 per cent increase. Manufacturing exports jumped by 26 per cent. The government sought to blame the growth in imports on buoyant exports in its latest explanation of why the trade deficit is a healthy phenomenon. The government said some 40 per cent of the imports in February will be used to make goods that will soon be exported. *Damian Fraser, Mexico City*

Zapatistas ready for talks

Mexico's Zapatista rebels are willing to restart stalled peace talks with the government, according to Bishop Samuel Ruiz, the mediator in the negotiations. The talks have been stalled since March 2, when the government laid out its formal response to rebel demands. On March 24 the Zapatistas suspended consultations with their supporters on the government after the assassination of presidential candidate Luis Donaldo Colosio. Since then the state of Chiapas has become increasingly tense, as landlords and poor farmers have fought over land and political power. Bishop Ruiz said the Zapatistas had asked him to explore ways of restarting the dialogue. *Damian Fraser, Mexico City*

Turkish troops kill 57 Kurds

Turkish army commandos, supported by aircraft and helicopter gunships, killed 57 rebel Kurds in five days of military operations in northern Iraq. The Anatolian news agency reported yesterday Quodong military officials, the agency said troops killed the guerrillas of the separatist Kurdistan Workers party (PKK) in the mountainous terrain in the Sivri and Mezideryakari regions. The operations, involving about 40,000 troops, are part of a Turkish spring offensive against the rebels in south-east Turkey and northern Iraq. Military officials said Turkish troops would remain in northern Iraq until the end of summer. The PKK has benefited from the political vacuum in northern Iraq to carry out raids into Turkey from mountain hideouts in the region. Turkey has responded by frequently bombing PKK camps. *Reuter, Istanbul*

FT writers profile two key politicians in Japan's search for a new premier

Takemura: an idealist who met his match

By Michiyo Nakamoto in Tokyo

Policy has largely been neglected in the power struggle that has paralysed Japanese politics. But policy differences are at the heart of the rift that has threatened the fragile coalition government.

Mr Masayoshi Takemura, chief cabinet secretary and leader of the New Harbinger party, or Sakigake, is a central figure in the unfolding drama. With his uncompromising rejection of Mr Ichiro Ozawa, co-leader of the Japan Renewal party and the figure behind many of the coalition's accomplishments. Both Mr Takemura, a member of the left-leaning faction of the coalition, and Mr Ozawa, a right-winger, broke away from the Liberal Democratic party last year, but they have serious policy and personal differences.

On the surface, the crack has seemed to stem from personal enmity. Mr Takemura's idealism and low-key style have been seen as the antithesis of the cold pragmatism and abrasive manner of Mr Ozawa.

As chief cabinet secretary, Mr Takemura has been embarrassed by moves within the



Takemura: an idealist being out-maneuvered

coalition to undermine him which, it is widely believed, were initiated by Mr Ozawa.

The former prime minister, Mr Morihiro Hosokawa, had been close to Mr Takemura when the coalition was formed last year but appeared unable or unwilling to protect him.

While Mr Takemura frequently stresses the importance of transparent government, Mr Ozawa's forte is

cutting deals in smoke-filled rooms. On several occasions, Mr Takemura has criticised Mr Ozawa's tactics as opaque and undemocratic.

Mr Takemura persistently refused to enter discussions last week after indications that the coalition would be dominated by Mr Ozawa's JRP. This personal dispute made it impossible to paper over differences the two have in policy direction and highlighted the fragility of a coalition formed more for political convenience than out of shared interests.

While Mr Ozawa favours a more active role in maintaining international security, Mr Takemura believes Japan should stick to its pacifist constitution and reject decisions that could lead to military expansion.

He spent a year in his youth at a Zen temple and urges Japanese to focus on the quality of their lives rather than the quantity of goods in their lives.

But with Mr Takemura having staked his role in the coalition government on a showdown with Mr Ozawa, it looks as though his idealistic views were no match for Mr Ozawa's manoeuvrings.

By Emiko Terazono in Tokyo

Mr Ichiro Ozawa could not be called one of Japan's more colourful politicians. But on a morning variety show, Mr Ozawa tried to reach out to an audience of middle-aged housewives, revealing he loves showbiz gossip, takes care of boudies in his spare time and, although like any husband he has lied to his wife a few times, as a politician, he has always told the truth.

His congenial manner and wide smiles, however, have failed to convince residents of Nagatacho, Tokyo's political district, who have been watching Mr Ozawa and his backroom manoeuvrings over the creation of the next government.

To them he is no ordinary Japanese husband, but the shadow shogun - the backroom fixer of Japanese politics.

Immediately following Mr Morihiro Hosokawa's resignation as prime minister, the coalition looked likely to split along its two ideological lines: the right, including Mr Ozawa's Japan Renewal party and the Buddhist-backed Komite, or Clean Government party; and the left, consisting of the New Har-



Ozawa: realises that political power lies in numbers

binger party, Socialist Democratic party and the Democratic Socialists.

But during the TV appearance in front of housewives, Mr Ozawa denied wanting to become prime minister. As much as he would like to stand at the helm, Mr Ozawa realises he must remain the shadow shogun. He knows that, once he steps into political limelight, his days of power and "money" politics alongside Mr Takeshita and Mr Kanemaru will come back to haunt him.

Bangladesh to be urged to spend more pledged aid

By Stefan Wagstyl in Dhaka

Bangladesh is this week expected to secure about \$2.1bn in pledges of foreign aid from its donors at its annual aid consortium meeting in Paris.

The funds, in loans and grants for the year starting in July 1994, will help pay for food and the development of infrastructure and social services in Bangladesh, one of the world's poorest countries. The promised funds will be about the same as in the past two years.

This growth rate can be reached, they add, only if investment rises from last year's level of 1.3 per cent of economic output to 1.8-2.0 per cent.

Government officials accept this argument and are trying to raise the ratio to 1.6 per cent this year and 1.5 per cent in 1994-95 by increasing public investment. The public works programme should get a boost from the start of construction on a \$700m bridge across the Jamuna river in central Bangladesh - the country's largest investment scheme.

To stimulate private investment, the government is extending the liberalisation of foreign trade and investment it has carried out since taking power in 1990. Last year the taka was made fully convertible on the current account. Exports, led by garments, are forecast to grow by nearly 20 per cent this year and next, extending recent rapid rises.

China holds three for boat deaths

Under intense pressure to explain how 24 Taiwanese died in a boat fire, China announced yesterday the arrest of three men suspected of robbing and murdering the tourists, AP reports from Beijing.

China's failure to explain the mysterious boat fire that killed 32 people - eight mainland Chinese and the Taiwanese tourists - on a lake in eastern China on March 31 has

been threatening the growing dispute between the two sides.

Taiwan announced plans last week to ban travel to China and to suspend cultural exchanges unless Beijing gave a satisfactory explanation.

After first describing the fire as an accident China said on its national television news that the Taiwanese had been robbed and murdered on Thousand Island Lake by three young men.

Ozawa: the shogun confined to shadows

role in international affairs.

However, the situation has boiled down to a battle for numbers. Once it became apparent that Mr Watanabe could not bring enough followers from the LDP, and Mr Masayoshi Takemura of the NRP was trying to join the coalition's left with LDP liberals, Mr Ozawa quickly changed his course.

Although a self-proclaimed reformer of Japanese politics, Mr Ozawa has had to resort to tactics nurtured under Mr Kakuei Tanaka, Mr Noboru Takeshita, and Mr Shin Kanemaru, the former powerbrokers of the LDP. "Mr Ozawa knows too well that political power only lies in numbers," says Mr Takao Toshikawa, editor of *Tokyo Insiderline*.

But during the TV appearance in front of housewives, Mr Ozawa denied wanting to become prime minister. As much as he would like to stand at the helm, Mr Ozawa realises he must remain the shadow shogun. He knows that, once he steps into political limelight, his days of power and "money" politics alongside Mr Takeshita and Mr Kanemaru will come back to haunt him.

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FT Surveys

NEWS: INTERNATIONAL

Stronger global economic expansion forecast in 1995

IMF predicts 3% growth

By George Graham
In Washington

The International Monetary Fund is forecasting world economic growth of around 3 per cent this year, with a stronger recovery to between 3% and 4 per cent growth in 1995.

In its world economic outlook, due to be published on Wednesday just before the twice-yearly meeting of finance ministers on the IMF's interim committee, the IMF predicts that global growth this year will approach the average level it achieved in 1975-85, before moving above the average next year.

Growth in the developing countries is expected to remain "remarkably steady", according to a senior IMF official, while in the industrialised world only the US, Canada, the UK and the Nordic countries have pulled out of recession.

"We are still below average in the industrialised countries, because we still have only one or two engines working, while the others are struggling," a senior IMF official said.

IMF economists believe that the Japanese economy has bottomed out, and that with nominal output in continental Europe the world economy should produce growth well

above its historic trends next year.

"Globally speaking, the economy is well into the growth phase of its cycle," an official said.

The IMF believes the big industrialised countries have followed many of the prescriptions it laid out at last year's spring interim committee meeting: completion of the Uruguay Round of trade negotiations, efforts to tackle the budget deficit in the US, lower interest rates in Europe and an attempt at fiscal stimulus in Japan.

Nevertheless, they warn that the current recovery carries an extremely negative overtone, because it has not been accompanied, particularly in Europe, by any appreciable recovery in employment.

The risk is that the level of structural unemployment establishes itself somewhere above where it was at the end of the last recession," a senior official said.

This unemployment problem was tackled by ministers from the Group of Seven leading industrialised countries in Detroit last month, and is expected to be on the agenda for the full G7 summit of presidents and prime ministers in Naples in July.

Support for SDR issue sought

By George Graham

The International Monetary Fund is looking for new ways to make its idea of expanding global foreign exchange reserves more palatable to the industrialised countries by spreading the expansion out over five years.

IMF managers are expected next week to ask finance ministers from member countries, as they have at each of their twice-yearly formal meetings for the last three years, to think again about a new issue of special drawing rights, the basket of currencies that the Fund uses as its own accounting instrument and which also functions as an international reserve asset.

Mr Michel Camdessus, the IMF's managing director, has repeatedly called for a new allocation of SDR36m (\$50.4bn) to member countries, arguing

that many countries – especially those in eastern Europe and the former Soviet Union who have joined the IMF since it last issued new SDRs in 1981 – are desperately short of currency reserves.

These new members have no SDRs in their reserves, but older members have been reluctant to pass on any of their own SDRs. The IMF's statutes forbid a restricted issue of SDRs to only some members.

In the face of continued hostility to the issue from Germany, the US and the UK, which fear the injection of new reserve assets could fuel inflation around the world, IMF officials have drawn up a scheme to allocate only SDR165m at the outset, adding SDR36m more each year until international reserves have reached the desired level.

They argue that an SDR allocation would help to finance development ends by monetary means, rather than drawing on scarce budgetary resources and requiring long parliamentary debate in donor countries.

Official have been dismayed at the difficulty of extracting money from the industrialised countries to finance development through instruments such as its enhanced structural adjustment facility (Esaf), which lends money at very low interest rates to the poorest countries.

They argue that an SDR allocation would help to finance

take for the world not to avail itself of an SDR allocation at this moment. There is a huge number of countries with insufficient reserve assets, and a huge number of countries whose import capacity is constrained by lack of reserves," a senior IMF official said.

Progress going at a "respectably slow pace"

Parliamentary debate would, however, be necessary in many countries for a further plan for industrialised countries to give back their share of an eventual SDR allocation to the IMF, to help finance the developing countries and the transitional economies of eastern Europe and the former Soviet Union.

The IMF has suggested a mechanism of co-financing trust accounts under which richer countries would voluntarily put up their resources to complement the IMF's own financing.

IMF officials acknowledge that the idea of an SDR allocation is unlikely to come to fruition any time soon, but insist that it is making progress "at a respectably slow pace".

Brazil completes deal to restructure \$49bn debt

By Angus Foster in São Paulo

Brazil has completed the restructuring of about \$49bn of commercial debt, in the last of the main Latin American Brady-style debt reschedulings. The deal, agreed late on Friday night in New York, brings to an end more than a decade of uncertainty over Brazil's relations with the international financial community.

Mr Rubens Ricupero, who took over as finance minister earlier this month, described the deal's conclusion as "an important milestone" in the country's "continuing programme of economic reform".

But with presidential elections this year, and an unstable economy, there is unlikely to be a rush of confidence and foreign investment into the country, as happened in

Mexico and Argentina after they completed similar restructurings.

The Brazilian deal was also concluded without the agreement of the Dart family of the US, who hold about \$1.4bn of debt and are the largest non-bank creditors. The Darts opposed the terms of the restructuring and may take legal action to try to reverse the deal.

Brazil and about 750 private sector banks completed the elaborate debt restructuring after nearly four years of negotiations to exchange the country's old debt for new and reduce its total debt burden.

The deal offered creditors a choice of six options to repackage loans and interest overdue into new bonds with maturities of up to 30 years. Brazil's central bank estimated the deal

Intimidation found ahead of Malawi election

By Nick Young in Lilongwe

Serious anomalies in the run-up to Malawi's elections on May 17 are noted in a report published today by a UN Joint International Observer Group, reinforcing earlier findings of the national Electoral Commission.

Both bodies report intimidation, violence, bribery and theft or confiscation of voters' registration cards. The ruling Malawi Congress party emerges as the main culprit, but some opposition parties are also said to be engaged in turf wars and violent disruption of opponents' rallies.

The UN report suggests that government ministers have used the civil service apparatus for campaigning purposes, and note that one MP registered himself and his family at two separate centres.

Concern is also expressed about police Inspector General MacWilliams Lungu's assertion that policemen are not allowed to engage in politics, and therefore may not vote. The UN observes this as a contravention of the electoral law and the Electoral Commission is threatening to prosecute him.

The Electoral Commission estimates that 80 per cent of those eligible to register have done so. This figure is described as "respectable" by the UN group, which does not consider the abuses it has found to be an insuperable barrier to free elections.

The hotel unit is a B class hotel with a capacity of 61 rooms (55 doubles - 6 singles) 116 beds and 3 shops.

The hotel unit has been built on a site with a total area of 1,618.65 sq.m., occupies the entire block (OT32) and is comprised of a basement (1,160.26 sq.m.), a ground floor (1,145.26 sq.m.), a first storey (1,116.72 sq.m.), a second storey (956.88 sq.m.) and a top storey (37.70 sq.m.) and includes electro-mechanical facilities for the functional requirements of the tourism unit and its security (air-conditioning, fire protection, kitchen facilities, confectionery shop, restaurant, telephone centre, etc).

Any interested parties wishing to declare their interest and obtain a detailed offer memorandum or additional information, are requested to apply to Mr Georgios E Poimenidis and Mr Christos Agathopoulos, 43 Panepistimiou Street, Athens 105 64, Tel:

Peloponnesse, on the Regional Road Pyrgos-Tripoli on the edge of the city and near the ancient site, opposite the OTE building and the Town Hall. Its title is "ALTIS".

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Next week Singapore's Presi-

dent Ong Teng Cheong is due to decide whether to grant clemency to Fay. Despite personal appeals for mercy from President Bill Clinton, most people in Singapore say the teenager has little chance of clemency – before the end of the month he will be receiving his punishment.

Singapore's leaders, with support from many other Asian governments, are mounting an increasingly strident campaign against what they consider to be the decadence of the west and the importance of what they call Asian values. In Singapore the Fay case – and the west's reaction to it – is seen as symptomatic of the clash between two very different value systems.

From the outset Singapore has made its position clear. "We do not have a situation where acts of vandalism are commonplace as in cities like New York, where even police cars are not spared the acts of

ISRAEL eases Palestinian bar

By Julian Ozanne in Jerusalem

Israel yesterday slightly eased an 11-day-old ban barring the nearly 2m Palestinians from entering into Israel but said closure of the occupied territories would continue indefinitely.

Mr Amnon Rubinstein, education minister, said the cabinet had agreed yesterday to grant 16,000 entry permits to Palestinians for humanitarian reasons and 4,000 work permits for Palestinians employed in Israel's agricultural sector.

The government approved Shikun (\$10m) for public works and aid to assist Palestinians suffering from inability to travel to their jobs in Israel since the entry ban was imposed by the Jewish state to try to prevent attacks by Palestinian extremists.

The cabinet also issued a strong warning to the Palestine Liberation Organisation after hearing security reports which alleged the PLO had local co-operation agreements with the Hamas Islamic Resistance Movement, responsible for two recent suicide attacks on Israelis. The warning to the PLO came after Mr Yitzhak Rabin, the prime minister, lashed out at Jordan last week for allowing Hamas to operate offices and issue media statements in Amman and called on the government to close down Hamas offices.

King Hussein on Saturday said Hamas was illegal in Jordan and denied his government helped the Islamic guerrilla group. Hamas responded saying it would strike Israeli and Jewish targets worldwide if Israel attacked its leaders or political and media offices abroad. Hamas's military wing said it would consider such



Chief Israeli negotiator Gen Amnon Shabak arrives at a Cairo hotel yesterday for negotiations with the PLO.

attacks "a start of a new war in which Israeli blood and interests and Jewish communities around the world are open

for our strikes. We will respond to every attack by a stronger one." But Hamas also offered yesterday to stop

On the economic track of talks in Paris, both the PLO and Israel say they could complete an agreement by the end of this week to establish the economic relations between Israel and the self-governed Palestinian economy. Both sides have already reached final agreement on energy, industry and agriculture and have a conditional understanding on taxation subject to agreement on the rate of value added tax to be levied in the Palestinian economy. The two sides have yet to agree on labour relations, particularly on the size of the Palestinian migrant work force that will be allowed to fill jobs in Israel, and Palestinian demands for their own currency.

Meanwhile, Israel yesterday attended multilateral Middle East talks on water issues in Muscat, Oman. The talks are the first official visit by an Israeli delegation to the Gulf. The talks are the first official visit by an Israeli delegation to the Gulf.

although they reflect the concerns in the occupied territories about what is seen as Mr Arafat's lack of democracy.

After the second suicide attack by an Islamic extremist last week both Al-Quds and Al-Nahar took similar editorial lines avoiding condemnation of the Palestinian attack, while stressing that violence occurs against both Arab and Jew and can only be solved by swift implementation of the peace process.

"Crying and condemning is not the answer," said Al-Nahar. "The answer is Israeli withdrawal from the West Bank and Gaza Strip. The Palestinians have sacrificed much blood and have made many concessions to regain their rights but Israel continues to get around international law." In a series of editorials last week Al-Quds compared the closure to a "siege" which had caused a near collapse in the education and health services of Arab East Jerusalem.

"Someone should stop Israel from imposing these wanton measures that only complicate and intensify the situation, making peace more difficult," the paper said.



"No comment" – title of Meir Ronnen cartoon in the Post on Arafat's refusal to condemn guerrilla attack

Cane opens up east-west divisions

Kieran Cooke on the international row over a Singapore vandalism sentence

There may be some people in the US still unsure where Singapore is on the map, but probably considerably fewer than six weeks ago.

In early March Michael Fay, a 15-year-old US citizen, was sentenced by a Singapore court to six strokes of the rotan – a heavy bamboo cane – four months in jail and fined \$3,500 (\$2,300) for spray-painting cars and other vandalism offences.

The punishment is no schoolyard caning: it is administered by a specially trained officer with considerable force. The prisoner is strapped in a tie. The skin at the point of contact is usually split open and, after three strokes, the buttocks will be covered in blood," said one official account. The canings usually leave permanent scars. The Singapore authorities say a doctor is always in attendance. Next week Singapore's Presi-

vandals," said the Singapore Home Affairs Ministry.

In the Singapore catechism of Asian values, the west stands accused of putting too much emphasis on individual rights and not enough on society's Elder statesman Mr Lee Kuan Yew has said that without its tough criminal laws Singapore would have descended into the "chaos" found on the streets of the US.

"If you like it that way, that is your problem," said Mr Lee. "But that is not the path we choose. They always talk about human rights. I think it is just a convenient slogan."

The White House, Congress and much of the US media have been strongly critical of Singapore. But a large section of the US public, tired of violence and a justice system which they feel often favours the culprit more than the victim, is giving its support to Mr Lee.

Singapore has no hesitation about attacking the US. Foreign ministry officials list what they consider to be the failings of US foreign policy, and are particularly forthright about what they judge to be Washington's mistakes on China.

Yet Singapore is dependent on the US for much of its continuing economic growth. US companies are the biggest investors there, with cumulative investments of nearly \$15bn, according to official US figures. The US is Singapore's biggest export market. The island republic is also an ardent supporter of continued US military presence in Asia.

Initially US business in Singapore reacted strongly to the Fay sentence. The local American Chamber of Commerce said it could not understand how the government could condone the permanent scarring of any 16-year-old; the case could "cast a cloud over Singapore's international reputation".

But some US residents of Singapore have supported the caning, while US multinationals continue to invest.

Fay's family – his stepfather is the Singapore-based regional executive of Federal Express – and his defenders in the US have argued that because of all the publicity surrounding the case, the teenager has not been treated fairly. They say he is the first person to be sentenced for caning of vandalism of private property. He is also the first youth to be given a caning for damaging cars.

The authorities say the law makes no distinction between public and private property, nor the type of property involved.

Singapore's leaders are adamant that it will allow no outside interference in its internal affairs. Nor do they show any sign of altering a system of punishment which has been done away with in many parts of the world.

JULY 1994

Rail network faces spending squeeze

By Charles Batchelor,
Transport Correspondent

A squeeze on the £1.8bn cost of maintaining Britain's railway network has been pledged by Mr Bob Horton, chairman of Railtrack, the company which this month took over management of British Rail's infrastructure.

Tough negotiations can be expected over the next 12 months between Railtrack and the 14 regional units which

make up British Rail Infrastructure Services (BRIS), responsible for maintaining and renewing track, signalling and power supply equipment.

"We will be negotiating with BRIS to make sure we get maintenance tenders at significantly lower costs," said Mr Horton. "By international comparison these costs leave something to be desired and we can probably drive them down."

Reducing maintenance charges forms one of the first

priorities for Railtrack if it is to make the return on capital which is required by the Treasury and create a business that will attract private investors in a few years. It must earn a return of 5.6 per cent on its £2.5bn of assets rising to 8 per cent after four years.

Initially Railtrack will buy in maintenance services from the BRIS units but it hopes also to make use of outside contractors to increase competition.

Ultimately the BRIS units themselves will be privatised. Some are expected to merge to form larger, more viable organisations.

The implications for the 35,500 people employed by the infrastructure units are unclear but job reductions appear likely. Mr John Edmonds, the chief executive of Railtrack, said: "I would not underestimate the working practices problems we face."

The clampdown on main-

tenance spending forms part of a broader programme aimed at obtaining better value for money by Railtrack. "We want to take the capital we have available and use it to get the railway into the state of maintenance it should be in," said Mr Horton. "We don't want it sloshing around going to the person who shouts the loudest."

Under BR there was a temptation for spending to go on rolling stock and projects which were visible to the customer, he said. The division of track and train operations which has resulted from BR's privatisation should allow track, signalling and back-up systems to receive more money.

Railtrack has been allocated £100m for investment projects this year, rising to £250m in two years. "This is probably as much as we can sensibly spend while we get up and running," Mr Horton said.

The clampdown on main-

Slow retail sales growth as taxes curb consumers

By Philip Coggan,
Economics Correspondent

UK retail sales grew only slowly in March, according to the latest distributive trades survey from the Confederation of British Industry. The survey will be seen as further evidence that consumers have become cautious ahead of the increases in taxation that are imposed this month.

Official retail sales figures will be published on Thursday. The consensus forecast among analysts is for a 0.3 per cent volume increase between February and March and for an annual growth rate of 2.7 per cent.

If weak retail sales figures

are announced on Thursday, hopes of an early interest rate cut will increase. The recently published minutes of meetings between Mr Kenneth Clarke, chancellor of the exchequer, and Mr Eddie George, governor of the Bank of England, showed that the chancellor was worried about the potential impact of this month's tax increases on the recovery.

During their meeting on March 2, the duo agreed that signs of a weakening recovery, provided there was news that inflation was under control, might herald a cut. Friday's retail price statistics, which saw a fall in underlying inflation to an annual rate of 2.4 per cent in March, met one half

of the necessary conditions. The CBI survey shows that the balance of those reporting an increase in sales in March, compared with a year ago, was 12 per cent, compared with 10 per cent in February. The balances in early 1994 have been much lower than the levels of 20-30 per cent recorded in the second half of 1993. Figures are calculated by deducting the proportion of those experiencing a decrease in sales from those reporting an increase.

Mr Nigel Whittaker, chairman of the CBI's distributive trades survey panel, said: "The modest growth in retail sales in March is perhaps a further indicator of the uncertainty facing consumers."

Civil service pay overhaul

By David Goodhart,
Labour Editor

Thousands of civil servants working in Customs and Excise will get no pay rise this year unless they reach basic performance targets.

The deal is the first of what could be a series of innovative pay agreements in the civil service agencies which have taken control of pay negotiations for the first time.

The pay of about 65 per cent of all 540,000 civil servants will be set by agencies this year, rising to 20 per cent next year. A few organisations such as

the Inland Revenue already have devolved bargaining.

The Customs and Excise deal, which the unions hope might set a trend, will increase the pay-bill by about 2.6 per cent. But unions claim it will increase the pay of some clerical workers by over 5 per cent.

There will be no pay rise at all for senior or junior staff who do not reach basic performance targets, but the unions say this is unlikely to affect more than a few dozen people.

For Higher Executive Officers and grades below them pay will rise in steps related to performance - from 4.5 per cent to 6.5 per cent. As the pay deal covers a 14 month period the annualised pay rise will be slightly lower.

The Customs and Excise agreement involves overhauling the previous complex pay grading structure and provides more flexibility and a higher performance pay element.

Mr Mike King, who negotiated the deal for the NUCEPS civil service union, said that despite the unhappy experience with some performance pay systems the union was confident that the Customs and Excise system would work well.

More than 26,000 runners competed in London's 14th marathon yesterday which was won by Mexico's Dionicio Ceron (above) in 2 hours, 8 minutes. The race, which finished on the Mall in front of Buckingham Palace instead of its usual ending at Westminster Bridge, was the capital's coldest marathon. It was marked by the death of a competitor, expected to be from heart failure.

cent to 6.5 per cent. As the pay deal covers a 14 month period the annualised pay rise will be slightly lower.

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Britain in brief



Union chiefs in minimum wage clash

A public argument broke out last night between senior union leaders about the future of the opposition Labour party's commitment to a statutory minimum wage.

Mr Bill Morris, general secretary of the TGWU general union said that Labour should commit itself to support a statutory minimum wage of not less than £4 an hour.

But Mr Bill Jordan, president of the AEEU engineering union, denounced Mr Morris's proposal to fix a precise figure on a national minimum wage as "irresponsible".

Labour party leaders, including shadow employment secretary Mr John Prescott, are also keen not to see any such commitment.

The survey calculates the income needed to maintain the standard of living of eight families. It found that the overall costs of goods and services increased by 3.7 per cent in the year to February, but private housing costs fell by 2 per cent due to lower mortgage rates and lower local taxes.

BSkyB gives up channel stake

British Sky Broadcasting, the satellite television consortium, has decided not to exercise its option to keep a 50 per cent stake in QVC, the home-shopping channel which is part of Sky's multi-channel subscription package.

The decision has been taken even though the channel appears to be doing well and is heading for revenues of at least £40m in its first year.

The channel was set up as a joint venture between QVC, its highly successful parent in the US, and BSkyB, the satellite group in which Pearson - owner of the Financial Times - has a significant stake.

Hoover customers lobby US parent

Representatives of the Hoover Holiday Pressure Group are to fly to the US for a meeting on Friday with the Maytag Corporation, Hoover's parent company, over Hoover's controversial free flights promotion. The pressure group, which says it has 2,500 members, plans to pursue High Court action against Hoover if it fails to win reassurances at the meeting.

The group will tell Maytag that it wants Hoover to offer customers who failed to get free flights discount vouchers towards the cost of flights.

Pay-offs for executives fall

The size of pay-offs to redundant executives has dropped by a quarter over five years, according to a survey by Drake Beam Morin, redundancy consultants. In 1989 a typical pay-off was just over four weeks' salary for every year of service; by 1993 this had fallen to just over three weeks, the survey found.

Kevlar* Nomex* and Tyvek* Protecting the protectors.

Firefighters, policemen, pilots and other helpers must often risk their necks to save lives. This takes a lot of courage, but it also takes the right sort of equipment to do the job professionally. Such as protective apparel made from DuPont fibers to effectively reduce the hazards involved.

Thousands of rescuers have in fact been spared severe injuries, or a worse fate, thanks to products developed by DuPont.

NOMEX for firefighting missions
In fires, seconds can mean the difference between life and death. Fireman Rolf Blum was quite aware of that when rescuing a three-year old girl.

Suits which offer prolonged protection push back the pain threshold

from a blazing house: he was wearing a protective uniform of light-weight, flame-resistant NOMEX II. In direct contact with flames, such suits offer prolonged protection, push back the pain threshold. Wovens of NOMEX II maintain fabric integrity under flame and heat, which is a most effective contribution to protection against burn injuries.

It is for these reasons that West Midlands, one of England's biggest fire brigades, opted for NOMEX "Delta T", a product specially deve-

loped for firefighting requirements. The safety of rescue teams is increasingly valued among our Eastern neighbours, where more and more fire services are being equipped with intervention uniforms made of NOMEX.

How these can save lives in mishaps was recently experienced by a Hungarian helicopter pilot. Fuel suddenly ignited right in the middle of refuelling. He found himself engulfed in an enormous ball of fire from which he escaped unharmed thanks to his workwear of NOMEX II. He was even able to extinguish the fire, thus avoiding complete loss of his aircraft.

KEVLAR provides protection against bullet threats
More and more criminals think nothing of using firearms these days. Constable Udo Blaumann became painfully aware of this when he was hit in the region of the heart by a bullet fired from a pistol only six metres away. Luckily, he was wearing a ballistic vest of KEVLAR - so he survived unharmed.

Equally effective are the stainless, cut-resistant surgeons' gloves
KEVLAR is a para-aramid fiber developed by DuPont, and wovens for ballistic vests are among the products for which it is ideally suited. Some of them weigh less than two kilos so they easily fit under a uniform. To date, such vests have saved the lives of more than 1,500 policemen - now members of DuPont's KEVLAR "Survivors Club".

In cooperation with industrial and research institutions, DuPont stages seminars on safety. Working together with authorities across Europe, these serve to foster further development of protective garments.



Seamless, cut-resistant surgeons' gloves may be less spectacular, but made of KEVLAR they are equally effective in protecting against accidental scalpel cuts and resultant infections when operating on, for example, HIV-afflicted patients.

TYVEK wards off invisible danger
Safety standards are exceptionally stringent in the nuclear industry. A major problem in handling radioactive materials being that potential danger can be neither seen, felt nor smelled. Staff in high-risk areas must therefore be permanently protected by proper apparel.

Vests of KEVLAR and suits of NOMEX or TYVEK comply with highest quality standards and European norms
This is where TYVEK has long proved its outstanding advantages. Developed by DuPont, the spunbonded material

acts as a tight barrier that retains more than 97% of minute, invisible particles down to 0.6 microns. Skin contact with radioactive particles is thus precluded. Particles cannot cling to the smooth, antistatic, lint-free surface of TYVEK. Moreover, it is tear-resistant, pleasantly supple and light-weight, and won't be affected by moisture or chemicals.

To meet the exceptionally high demands needed in the field of protective apparel, DuPont has teamed up with the industry to

develop the quality assurance programmes needed for gloves and ballistic vests of KEVLAR and for suits of NOMEX or TYVEK. These comply consistently with the highest quality standards and the most recent European norms - so that our rescuers can be assured they are being protected effectively.

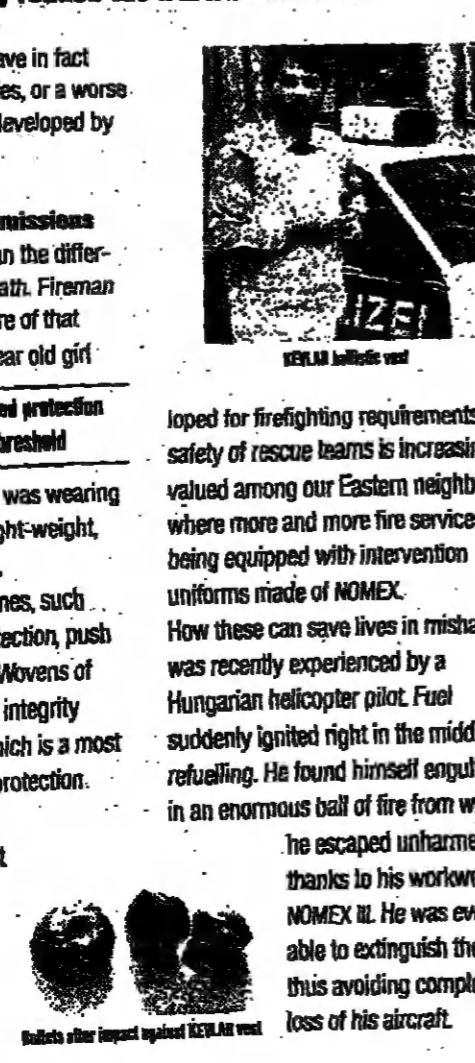
Innovations by DuPont
NOMEX, TYVEK and KEVLAR were developed by DuPont's Engineering Fiber Systems, as were SONTARA, TEFLO, TYPAR, CORDURA, ZEMDRIVE and high tenacity NYLON. All of these products continue to add new benefits to all manner of applications - from household goods right through to space travel.

DuPont is one of the world's leading suppliers of engineering fibres. In Europe alone, it has invested almost \$600 Million in production facilities to better serve local market needs.

DuPont Engineering Fiber Systems
P.O. Box 50
CH-1218 Le Grand-Saconnex (Geneva)
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MANAGEMENT



Outsiders welcome

US companies are developing workforce diversity, says Victoria Griffith

In a lecture room in the Bank of Boston, an executive is pretending to declare his homosexuality. He is taunted, laughed at and ignored for half an hour by his co-workers. When this role-playing exercise is over, he talks about how it felt to be an outsider.

The employees are taking part in a diversity training course, which aims to attune them better to the feelings of others. The bank's management hopes that when they return to the office, the trainees will show more willingness to work not only with homosexual colleagues, but with any co-workers who are different from them.

Through diversity training and other programmes, US corporations are attempting to grapple with the opportunities and challenges of an employee base which is increasingly heterogeneous.

Throughout the 1990s, minorities, white women and immigrants will account for 35 per cent of net employment growth in the US, according to the DCI Armory, a group of specialists in diversity.

To prepare for the changes, some 80 per cent of leading businesses in the US are offering or planning diversity training courses, says Myron Block, a diversity consultant for consultancy Harbridge House.

The US private sector first had to deal with a more diverse workforce in the 1970s, when the federal government enforced the hire of minorities. Corporate concerns are different now from 20 years ago, however. For many companies, compliance with the law remains the main priority, but an increasing number say greater diversity makes good business sense.

"Diversity is a competitive edge

issue," says Darlene Siedslaw, executive director of diversity for the telecommunications group US West. "There is no question that the marketplace is more diverse than it has ever been. It adds to our bottom line to have a diverse workforce to serve that marketplace."

If a marketing force is too homogeneous, for instance, it risks committing big errors when addressing diverse audiences. "By having Hispanics on our staff, it helps us to realise things about their culture," says Leslie Mays, director of diversity development for footwear manufacturer Reebok. "For instance, we have discovered that Hispanics are usually very brand loyal. The brands they use when they're growing up are what they usually use later on. So we know that when marketing to that group, we should target a young audience."

Telecommunications group AT&T points to language barriers it can encounter. "We use Spanish speakers to sell our services to the Latino market, and Mandarin speakers to sell to the Chinese-American market," says Joann McPherson, district staff manager of AT&T.

Diversity can be important for other reasons. With the rise in popularity of ethical investments, some investors screen companies before deciding where to buy shares. "A diverse workforce attracts more shareholders," says McPherson.

But if diverse groups often show more creativity - at least if the problems relate to their diversity - they can also be difficult to manage. Studies show, for example, that diverse groups can take longer to accomplish tasks. "Diversity can create more interpersonal conflict

and slow things down," says Susan Jackson, associate professor of psychology at New York University. "Companies need to learn how to minimise these conflicts to take better advantage of diversity."

Diversity training has become an important tool for corporations facing these challenges, but the nature of the courses varies greatly. Some rely on lectures to illustrate the history of black liberation, or the nature of sexual harassment, for instance.

Black actor Bill Cosby's video on bigotry in the workplace is popular. Other formats encourage employees to open up about their personal prejudices. "People in our training courses analyse their heritage and the messages they got when they were growing up," says Block.

Open conversation may not always be a good idea. "It opens a can of worms on the legal front," says Jackson. "If an executive admits to sexual harassment during a training course, for example, can he be fired?"

Many executives question the value of diversity training on its own, not least in its effects on other employees. "Standalone diversity training is not enough to bring change to any corporation," says Siedslaw. "It can even be harmful. In the 1980s, we felt a lot of backlash from white males who felt excluded from the diversity initiatives. Now, we have a programme on the difficulties of being a white male in today's society and it's a big success."

The most successful companies in dealing with diversity, researchers say, are those that make diversity part of their corporate culture. Increasing attention is paid to companies' diversity profiles. "We

review trends in our employment profiles every month to make sure we're not losing diversity," says Mays.

To ensure that the company maintains a diverse employee base, Reebok, along with a growing number of companies, makes diversity part of the criteria managers are judged by. "We look at the diversity of the group they manage before they came in and after they have been there for a while. And we talk to them about how they helped position different people for career advancement."

With more companies seeking minorities and women, recruitment for these groups can often be fierce. "We've had to change the way we recruit college graduates," says Siedslaw. "If you just go to the placement office, you will limit yourself, because people of colour are less inclined to use the office. You need to go to campus organisations, the Society of American Indians, for instance. We've had excellent results with the new programme. Over the last two years, 50 per cent of new hires were people of colour."

AT&T even adapted its redundancy programme and abandoned seniority as a criterion for lay-offs. "If we had just fired the people who had been at the company the least time, we would have been left with a more homogeneous workforce," McPherson explains.

To make sure recruits want to stay once they are hired, many companies have encouraged constituency groups, to act as liaisons between employees and management. Digital Equipment, for example, has a number of these groups, including the African Heritage, Asian Leadership and Gay Plus.

One minute Felix Warnock was playing bassoon in the Orchestra of the Age of Enlightenment. The next he was running it. As general manager he found himself drawing up business plans, budgets and new management structures. It was a far cry from bassoon music.

The arts is full of people like Warnock, who clamber into management by virtue of being good bassoonists, singers, actors. While lawyers and accountants also become senior managers on the basis of their skills as practitioners, they tend to be better prepared for their new responsibilities. Arts managers are expected to adapt to their new jobs without outside help.

The business school route is closed to them. The cost of a one-week course, around £2,500, could make the difference for some arts companies between profit and loss.

Business in the Arts is attempting to fill the gap with a scheme, sponsored by English Estates, for sending arts managers on management courses. So far nearly 50 managers have been put through the mill, and are now attempting to apply business school recipes to their dance groups, orchestras, theatres, galleries and museums.

Budget reductions over the last decade have meant that arts organisations have needed all the management skills on offer. "There has been a revolution in the last 10 years. No one in the arts is owed a living anymore," says Barbara Woronow, director of Yorkshire and Humberside Museums. "We all need training. Most of us are handling public money. If people had better training they could make better use of the money."

One might have expected some mutual culture shock in plugging an arts manager into the sterile world of the business school. For a start they talk a different language: the average arts manager has never heard of total quality management, and has little idea of what a stakeholder is. Meanwhile, their counterparts in business have no conception of the realities of running a museum or opera company.

"For the first few days I was definitely regarded as an oddity," says Warnock, who attended the Leadership in Management course at Sundridge Park, Kent. Ian Ritchie, general manager of Opera North, felt that colleagues on his course at Ashridge "didn't see how somebody like me was actually running a serious

Another string to their bow

Lucy Kellaway on arts managers in search of business skills



Portrait of the artist as a young manager Felix Warnock

business". But by the end of the week, the similarities between arts companies and a regular business appeared more

remarkable than the differences. On the Making Change Work programme, Ritchie and his course-mates agreed that the problems of managing change were similar whether they were selling reinsurance or putting on operas. On the leadership course it emerged that the difficulties of motivating people are the same whether they are musicians or bank clerks.

"The issues they raise are very similar," says Susan Segal-Horn at the Cranfield School of Management. "Arts companies need to be able to manage downsizing and outsourcing, to decide where to invest resources and, above all, manage short-term and long-term strategic change. These issues are big standard. They are the same for Marks & Spencer, for transportation companies, for everyone."

Many arts managers, though, believe their problems are especially tricky. Ritchie argues that Opera North is as complex as a multinational, although he employs only 160 people and has a turnover of just £2m. He says the financial constraints are especially onerous. "People were amazed that my annual objective is to achieve break-even. A swing of 1 per cent means missing the target by £20,000. Others said they did not have targets that tight."

As well as confirming how difficult their jobs were, the course provided the arts managers with some concrete help. Woronow claims to have returned from her strategic management course at Cranfield with a "missionary zeal". Her first action was to commission Leeds University Business School to do a customer relations survey of her 180 client museums.

She then tore up the existing corporate plan, which she saw to be a muddle of aspirations, and replaced it with precise measurable targets. Next, she signed up for investors in People. Finally, she took her staff through the exercises she had learnt. "The course helped me to think in a structured way of the business environment. I had lots of information, but didn't have the tool kit to analyse where changes were coming from, and which were the most important in the short, medium and long term."

Warnock, who since the course has moved sideways to the new position of arts administrator, says his main lesson was the need to listen harder to the views of his colleagues. Ritchie is still hoping to find time to go through the vast of paper he accumulated on the course.

Some of the arts managers felt

they taught their business

colleagues a thing or two. "The others found my presence refreshing," says Ritchie. "I was talking about change in organic terms. One can be very theoretical about techniques of making things happen, but can lose sight of the structure as a fluid thing."

While all enjoyed their week's

immersion, they are wary of any

trend to elevate general skills

of management above those of

creativity. Warnock warns that "management training can be destructive if it is too narrow.

There are very few people at

London Business School who

understand how an orchestra

really works. You need 60 people

to play a Beethoven symphony.

It would seem logical to pair it

down, but you can't."

BUSINESS TRAVEL

Daniel Green on what the Delta-Virgin link-up means for passengers

Catching a common code

Last week's tie-up between Delta of the US and USAir, Dutch carrier KLM and US airline Northwest, and the triple alliance of Delta, Swissair and Singapore Airlines. One of the biggest yet, between United Airlines of the US and Germany's Lufthansa, is scheduled to start this year.

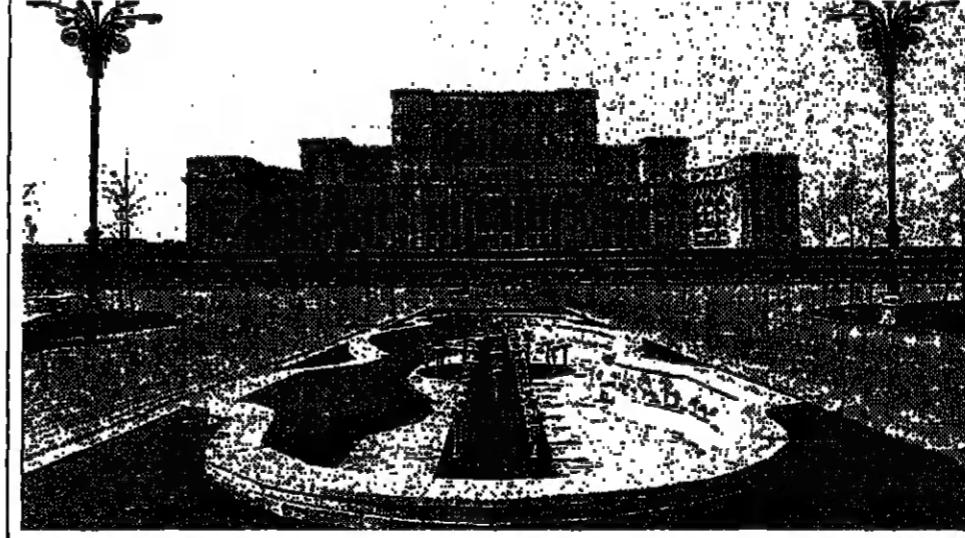
In practice, code sharing means a passenger in Albuquerque, New Mexico, could ask the travel agent for a flight to London's Heathrow airport and be given a Delta ticket.

The risk for passengers is that they might book a flight with one airline and travel on another. "It is something akin to false pretences because this is not made clear when the ticket is bought," says an executive with an independent airline organisation.

Virgin is at pains to say that its agreement with Delta is

"transparent" - that passengers will know exactly what is happening when they inquire about their flight. It points out that there are other aspects of the deal that benefit passengers more directly. Virgin will share Delta's JFK terminal so the connection is easier. Moreover, the airlines are linking frequent-flier programmes, so mileage points can be earned on either.

Similar co-operative arrangements are in place with the likes of Northwest and KLM, and BA and USAir. But it is possible to achieve them without code-sharing deals - as Virgin has done with British Midland and BA has with Cathay Pacific.



Ceausescu's palace: designed to be visible from space, it will house dignitaries attending the forum

TRAVEL UPDATE

Train attack

Gummen thought to be Muslim militants attacked a train in southern Egypt on Saturday night, the first such assault in more than a month.

They opened fire on a sleeper travelling from Aswan to Cairo but no one was injured, security sources said.

The attack took place near the town of Abu Tig, on the Nile 340 km south of Cairo, at about midnight.

Eight trains have been attacked in roughly the same area this year. The attacks have had a devastating effect on the tourist industry.

Calm in Indonesia

Indonesian soldiers were patrolling Medan in northern Sumatra on Sunday as some shops raised their shutters and life began to return to normal after three days of violent labour protests and looting.

Banks, businesses and cars were attacked in some of Indonesia's worst rioting in years and one person was reported killed. Bands of protesters barricaded roads between the city and the industrial zone and port of Belawan, stoning cars, shops and passers-by.

Colombian tragedy

At least 22 people were killed, most of them burned alive, in a fiery multiple traffic accident on a highway just outside the capital Bogota, police said Saturday.

A cargo truck collided with a car and small bus that had crashed moments earlier along a highway near the town of Granada, about 20 miles southwest of the capital, police said in a statement.

When it pays to check your policy

If you were dispatched on a business trip at an hour's notice, would your medical bills be covered if you had an accident? Even if you were given more notice, would you check the cover offered by company travel insurance?

Managers of small companies need to be particularly careful that accidents or losses abroad do not leave them out of pocket. Insurers say a growing number of people are taking out annual travel insurance policies, which provide cover for any number of trips in a year and eliminate the need for last-minute arrangements.

Columbus, the specialist travel insurer, says sales of annual policies rose 39 per cent over the past year.

For anyone who travels regularly, an annual policy is often cheaper than buying insurance for each trip separately. Most annual policies cover business trips, but do check - a few, such as NatWest's and Abbey National's, exclude them.

There is usually a limit for each trip of two or three months; a few cheaper policies impose an overall annual limit for time spent outside the UK - about 150 days.

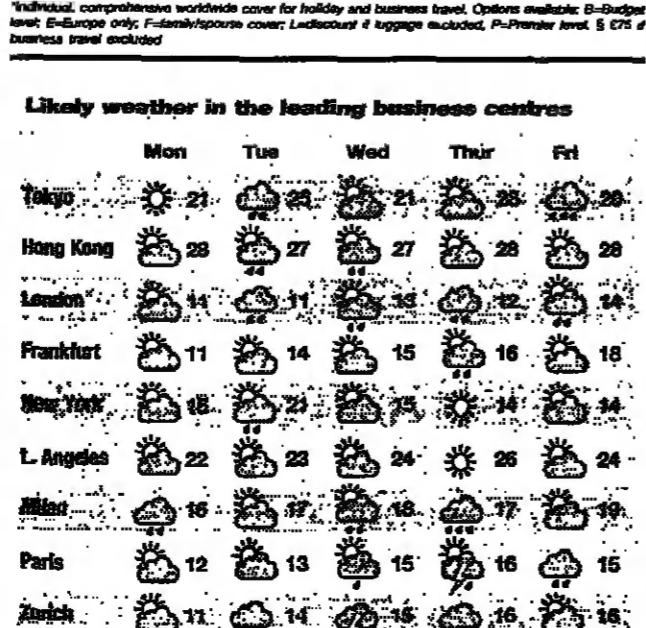
Premiums for a single person vary from about £75 to about

Bethan Hutton

ANNUAL TRAVEL INSURANCE POLICIES

Insurer	Premium*	Trip limit	Other options?
Accident & General	£130	90 days	F
American Express	£79.50	91 days	F, L, P
Barclays	£27.50	90 days	F
Bradford & Bingley	£99.50	90 days	F, L
BUFA	£130	91 days	F, L
Club Direct	£139	90 days	B, F
Columbus	£79	60 days	B, F
Crispin Spears	£140	60 days	B, E, F, P
First Direct	£75	91 days	E, F
Fritzell	£111.78	3 months	E, F, L
Holiday & Overseas	£100	30 days	F
Midland	£75	81 days	F
N & P	£75	90 days	F
Thomas Cook	£125	60 days	F
Wessex	£98.50	10 weeks	F

*Includes comprehensive worldwide cover for holiday and business travel. Options available: B-Budget, E-Euro, F-Family, L-Luggage, P-Pet, P-Pet Add-on, S-Sets of clothes travel excluded.



Bucharest's most powerful landmark is the massive white marble, gold and concrete monstrosity that is the Palace of the People

THE MONDAY People page

Henderson in from the cold

The man at the centre of Britain's arms-for-Iraq trial re-enters the business arena. Jimmy Burns reports

Paul Henderson, the businessman at the heart of Britain's Iraqgate affair, was not easy to single out amid the clutter of the wacky exhibits at a UK machine tools fair in Birmingham last week. But his anonymity - sitting in the temporary stand numbered 3056 in the huge exhibition hall - belied how much he has learned about how to promote himself when he needs to.

On the day John Major, the prime minister, visited the fair, Henderson - silver-haired and with the looks of an ageing television soap opera actor - chose to announce he was setting up a business partnership with John Butcher, the Tory MP, and former junior minister for trade and industry to boot.

Henderson's resurrection from what had seemed business oblivion is not without its ironies. Butcher's assessment of his partner as a patriotic, unfairly maligned businessman conflicts directly with the assessment of Lord Trefgarne, another former trade minister. It was Trefgarne that, in a public hearing on the arms-for-Iraq inquiry held by Lord Justice Scott at the end of March, accused Henderson of lying. And yet here was Henderson apparently putting himself forward once again as a symbol of the government's dishonesty and hypocrisy.

With his new venture - the takeover of welding company Production Systems International - Henderson hopes to return to the business mainstream he was suddenly ejected from when in February 1991 he was charged with breaking government export regulations.

He was no stranger to publicity. In the wake of Iraq's invasion of Kuwait, Henderson had already raised eyebrows as the managing director of Matrix Churchill, the Midlands-based machine

tool company that was under Iraqi ownership. The case against him, which collapsed, was that Matrix Churchill broke export regulations by supplying Iraq with machine tools destined to help make arms. During the trial in November 1992, Henderson's defence lawyers revealed he had worked for British intelligence.

The government is still counting the cost of the ill-fated legal action. Later this week, Henderson's solicitor plans to present the arms-for-Iraq inquiry with further evidence that British officials were involved in approving the export to Iraq of dual use machine tools capable of military applications.

Since his trial found him not guilty, the 57-year-old businessman has been a thorn in the flesh of government and Whitehall. Much of the evidence heard at subsequent public hearings appears to have strengthened the public perception that the Matrix Churchill trial should never have taken place.

"I've met a wide spectrum of people since the Scott inquiry got under way, complete strangers who have come up to me and said how absolutely disgusted they are by what the government did," says Henderson.

In fact the jury on Henderson is still

out. Allies like his new business partner, portray him as a patriot and unfairly maligned businessman, his detractors - and unsurprisingly there are many within Whitehall - see him as a publicity seeker.

He has attended the Scott inquiry on and off as a member of the public, never shying away from making himself available for comment on evidence relating to his case. Such exposure has put pressures on his family life - as a Catholic he remains a committed parent - but he insists he has volunteered his availability to the media as part of a personal crusade to bring to light the

injustice and double-dealing of a system of government he had always felt utterly loyal to.

He counts among his favourite family portraits that of his son David, a soldier of the 1st Battalion Coldstream Guards being presented to the Queen at a royal cocktail party.

Certainly Henderson adopts a disarmingly straightforward manner when he describes the most controversial aspect of his working life: his recruitment by the British intelligence services. "I agreed to work for the intelligence services for two reasons," he says. "The first was the glamour... the second was simply if I could help my country why not... in all honesty, at that stage the glamour aspect was more attractive to me than the patriotism."

An MI6 officer codenamed Balsom, who was Henderson's controller has described him as an "extremely brave man". Balsom says: "Few people I have met would take such risks and take them so much in their stride, with all the pressures on them."

Yet Henderson believes the intelligence services in the end betrayed him as much as any other government department. He may have once got a kick out of leading a double life, but today he regrets the day he was ever recruited.

"When intelligence services get

involved with businessmen, they must be prepared to account for their actions. What I have learnt out of all this is something I would have preferred not to have learnt: that the British government I believed in was duplicitous."

Yet there are very different - unflattering - accounts of Henderson's behaviour. In his evidence to Scott, Lord Trefgarne graphically described a meeting he had with Henderson to establish exactly what Matrix Churchill was selling to the Iraqis: "I don't think I could have done more than look him in the eye and ask him what the machine tools were for. He told me, I now believe he deceived me."

Those who have distanced themselves from Henderson in recent months include Mark Gutteridge, his former business partner. Gutteridge has not only severed his business links, but has kept a personal distance from Henderson in recent months.

Businessmen within the machine tool industry are angry about the negative publicity for British exporters generated both by the Matrix Churchill trial and the Scott inquiry.

The business venture announced last week has been treated with some scepticism. "Henderson is a salesman, not a businessman," commented one executive. Many will be watching closely to see whether he has the skills to build up the small welding group which only broke even last year.

Paul Henderson at the Birmingham tools fair last week

PHOTOGRAPH BY JONATHAN WATKINS FOR THE FINANCIAL TIMES



Personae

Boonstra's light switch

By Ronald van de Krol
in Amsterdam

Philips, the Dutch electronics group, has tapped yet another high-flyer in marketing to strengthen its board and bolster its return to profitability.

The company, traditionally strong in inventing products but not always as successful at selling them, will appoint Cornelis Boonstra, former president and chief operating officer of Sara Lee, the US-based food and personal products group who spent more than 30 years with Philips, never belonged to the management board, though he did sit on the wider group management committee.

Boonstra, a 55-year-old Dutchman, will also join the management board and look after activities in the Asia-Pacific Region.

Into Bank Negara's hot seat

Boonstra, whose abrupt departure from Sara Lee in January came as a complete surprise, is scheduled to replace Einar Kloster, who is stepping down from lighting in July to return to his native Norway. Significantly, however, Boonstra will be given a place on the board, expanding its membership to six directors. Kloster, a scion of Norway's Kloster shipping family who spent more than 30 years with Philips, never belonged to the management board, though he did sit on the wider group management committee.

The appointment of Boonstra, whose "heavy-weight" status as a top US corporate executive puts him in the running as a potential heir to Jan Timmer,

Philips' president, is part of the group's search for marketing expertise.

The move also extends the trend at Philips towards giving top jobs to outsiders with extensive international experience.

Earlier, Pierre Everard, a Belgian-born naturalised American, was coaxed away from the chairmanship of Ahold, the Dutch food retailer with several supermarket chains in the US.

Philips also announced that Floris Majers, chairman of the Dutch arm of Unilever, the Anglo-Dutch soap-to-margarine manufacturer, will become chairman of the group's supervisory board, a position usually filled by retired Philips executives.

Greenwald flies friendless skies

By Richard Tomkins
in New York

"There's never been a problem I don't like solving," said Gerald Greenwald, chairman designate of United Airlines, the biggest US carrier, last week. "And I like working with human nuance."

It is just as well: for as boss of an airline that has been targeted for the world's biggest-ever employee buy-out, the 55-year-old former Chrysler vice-chairman could find himself facing problems and nuances a-plenty in his new role.

For the past three years Ahmad has been chief executive and managing director of Maybank, the country's biggest financial institution. He joined Maybank in 1983 as head of its treasury division where he earned a reputation as a highly successful head of foreign currency trading operations.

He will be reviewing his new bank's overall foreign exchange trading policy. The Malaysian finance ministry recently instructed Bank Negara to stop its "excessive" foreign exchange dealings.

It is a bold endeavour, but nobody knows quite how worker control will pan out. Who, for example, is to say that employees will not cripple the company by voting themselves big pay rises once they have a foot in the boardroom door?

Greenwald, the unions' nominee for the chairmanship,

clearly relishes the challenge ahead.

In a New York presentation aimed at selling the deal to United's shareholders, he spoke repeatedly in terms of making history with the buy-out.

In one sense, history has already turned full circle. Four years ago Greenwald was heir apparent to Lee Iacocca as Chrysler's chairman when he abruptly left the car maker to head an earlier union buy-out plan at United. That buy-out collapsed, however, leaving Greenwald to join Dillon Read, a Wall Street investment bank, before going on to head the restructuring of Olympia & York Developments, the failed Canadian property development group.

Now established as a bit of a trouble-shooter, Greenwald is currently chairman of Tetra, a Czech Republic truck company, where he has been retained until February 1995 to turn the company around. But United is where he really belongs, he says, even though he has no previous airline experience.

He must be spending many a quiet hour praying that United's shareholders agree.

The Commonwealth of Independent States (CIS) needs access to western market economies. Equally, many European companies are interested in developing new business relationships further east. A fully functioning telecommunications infrastructure is a fundamental prerequisite for meeting these objectives.

And it's on this international, east-west stage that Telekom is currently making a vital contribution. Together with other partners from German industry, we have founded Romantis GmbH to create a satellite-supported communications network in the CIS. This will link the CIS countries to each other and to the western telephone network.

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ARTS
GUIDE

Up on the slopes of Table Mountain, looking across the Cape Flats towards the distant purple mountains, Cape Town University is blessed with a beautiful campus in a unique setting. The main buildings are built in local stone; a large figure of Cecil Rhodes gazes north from a comfortable sitting position. From the arts block, home to John Coetzee and André Brink, this view is marred on closer inspection by the sprawl of townships and squatter camps which starts just at the point where the suburbs end and the wind-swept flatlands begin. It stretches as far as the eye can see along the once pristine sweep of False Bay. The university and the Cape Peninsula are now separated from the rest of the country by an isthmus of misery.

It is not surprising with this reminder of the true state of the nation, this painful contrast between the serene university and the squalid townships, that teachers of the arts are suffering a crisis of identity. No academic I spoke to has come to terms with the role of culture in the new South Africa. With people dying in ever-increasing numbers and a grim realisation that the new South Africa may in some ways be worse than the old, the cultural debate has urgency but little cogency.

One of South Africa's finest essayists, Stephen Watson, describes his feelings one day as he was preparing to lecture at the university: "I was forced to realise with a feeling akin to vertigo... that I no longer knew what I was saying. Watson found himself overwhelmed by the conflicting claims of university as ivory tower and as "site of struggle". In some degree "site of struggle" in the old, white, universities has suffered this confusion.

The reasons, apart from the sheer scale of the deprivation, are not hard to understand. Saul Bellow famously asked: where is the Zulu Tolstoy? Here the questions are, if there is a Zulu Tolstoy, how is he going to come to our notice? In what language is he going to be published? What - white - academic is going to unearth him? And what Scandinavian country is going to subsidise his efforts to international seminar? A number of academics suggested to me that their work in township poetry, drama and workshops was their justification for continuing to teach English literature. Others have said never from the point of view of the advancement of the ANC. Coetzee's best novels of the South African predicament could hardly be greater, yet his work is coded and freed of partisan content by being set in placeless and timeless shadowlands. Nadine Gordimer, by contrast, believes in direct participation in the cultural and political



The Market Theatre of Johannesburg's version of 'Woza Albert' demonstrates the real progress of black theatre in South Africa

A language for the Zulu Tolstoys

Novelist Justin Cartwright asks if art must be a political weapon in the new South Africa

struggles, both as sponsor of the Congress of South African Writers and ANC member. Her writing, too, is clearly set in time and place. If she is sanguine about the prospect of the ANC becoming just another political party, others find it difficult to accept that they should now show allegiance to party after years of fighting for principles.

But while hundreds of people are dying each week it is perhaps unsurprising that the coercive language of progressive thinking is flourishing. In some quarters the term "cultural worker" is used without irony to describe anyone in the arts or teaching fields. That this demonstrates a kindness for the language of totalitarianism, seems not to worry the ideologues. There is, of course, resistance to the notion, expressed by the ANC's cultural department, that the artist to take sides is itself a form of taking sides. As Watson says, no artist, indeed no man, is obliged to give up his freedom by speaking in the language of the day. This is quite a different issue from the poet Jeremy Cronin's plea in his poem *To Learn How To Speak* that South African writers must "learn how to speak with the voices of the land". The one is a legacy of seminars in Eastern Bloc countries, the other is an artistic desire to find a new language.

No artist is obliged to give up freedom by speaking in the language of the day

knows where the new government will stand on many issues. The Marxist finds culture itself suspect. Something in its very nature is seen to be elitist. This leads to some dangerously naive conclusions. The Zulu Tolstoys should not be discriminated against just because they cannot write English. Some way must be found for liberating their writing from the hegemony of colonial language. (Colonialism is a protein term. It covers anything which smacks of Eurocentricism. One lecturer told me that if she wants to attract an audience

for Jane Austen she includes the word in her description of "colonial norms in pre-feminist society".) And the townships were, as Watson says, the crucibles of resistance, it is logical to believe that the most responsive art will come from there. There is evidence that this is so. Indeed, with the educated to the suburbs of the educated it is unlikely ever to pass. There is the struggle and the Education, no major black literary figures have emerged since the generations of Lewis Nkosi and Wally Sisulu. Real progress, Nadine Gordimer says, has been made in the theatre where black actors are highly influential. The Market Theatre of Johannesburg has earned a reputation for its invigorating and challenging productions. Alice Sachs, the lawyer and ANC activist who was detained in a car bombing in Mozambique in 1988, caused a furor by suggesting in an ANC discussion paper that culture was not a weapon of the struggle. Sachs himself has seen too much of socialist realism. The ANC put it: "the ANC will give leadership to the people, not exercise control over them." The counter argument, sometimes explicit, often implicit, is that all hands are required at the pumps. One poet suggested that artists have personal freedom, they must study the struggle and learn from it. She seemed not to have considered the possibility that there could be more than one outcome of

the counter argument is that all hands are required at the pumps'

the general study. The protagonists are going to have something to get their teeth into. The moment the issue of the state and balance companies and symphony orchestras is addressed by the new structures. ("Structures" is a word you cannot avoid in South Africa at the moment.) The bulk of government arts funding has gone into huge, ugly buildings housing these companies. Largely white audiences go to see largely white musicians and performers. The performances are mostly white males. Sachs himself claims to have attended the

Cape Town Symphony every Thursday religiously since his return in 1981 but he cannot see how the massive subsidies to foreign musicians can be maintained. A scramble for realignment is going on, with the old organisations trying desperately to prove their worth. For example, the strangely embalmed Performing Arts Council of the Transvaal has instituted workshops and appointed a black director for the Windybrow Theatre. Township theatres have sprung up. Oral poets are being published. Northern Transvaal woodcarvers have many new admirers. Behind this nervous quidnunc are worrying questions: who is in the centre of taste? Who is to decide what is subsidised and what is dependent upon the free market? Is it the cultural department, or is it to be an independent Arts Council? To some this is as important an issue as whether or not the new government will attempt to force the economy along statist lines. It is an issue, like so much else in South Africa, which will depend on which tendency will triumph in the next five years.

Martin Hoyle

Heath of Broadstairs ("If Mme Dubonnet found out I'd be asked to leave under a cloud") but for the most part the shrill con-glass pastime diamonds.

It rhymes still not yet again with their insouciant ingenuity, well up to Cole Porter standard ("I don't claim that I am psychic/But every look at you and I kick/away every scruple/ I learnt as a pupil in school, my dear"). The band (piano, percussion, bass) is under the direction of Geoffrey Brown, almost as much an institution as *The Boy Friend* itself.

Martin Hoyle

The Boyfriend, Players Theatre, London. Box office: 071 839 1134

I t survived Ken Russell, complete with fantasy, humour and orchestration by Peter Maxwell Davies. Now at an age when denuo discretion is expected, Sandy Wilson's ersatz 1920s frivolity tape, charlestons and high-kicks, its enchanting way through a forties birthday season at the Little Theatre under the Charing Cross arches where it first saw the light of post-austerity day.

Forty-first, to be precise, but who would be so ungalant as to point out that the first, short version of this flapper-age pastiche appeared in 1953, while the full-length edition for the West End dates from January 1954? In a time of sexual equality, boyfriends, like girlfriends, are presumably entitled to arithmetical discretion.

In fact the new production by Maria

Musical theatre

The Boy Friend hits 40

Charles, the first Dulcie, has wrought certain old D'Oyly Carte on the piece, apparently recreating the original down to the last squeal and flourish. Not that there is much else you can do with the show, a perfect crystallisation of sweet, silly 1920s musicals perceived from a viewpoint part-nostalgic, part amused, wholly affectionate. The songs ("I could be happy with you", "A room in Bournemouth", "It's never too late to fall in love") could be taken for the authentic period product.

Dixie Jones's bright designs are

framed by a rose-clustered trellis. The Villa Caprice Finishing School is dominated by Judith Chalmers' Dubonnet, her fractured Anglo-Gallic dithyphongs indicating kinship with Peter Sellers' Inspector Clouseau. She strikes the right blend of involvement and ironic detachment - for all its resilience, the piece needs a delicate stylistic balance. I remember a Bristol Old Vic production somewhat overwhelmed by Eleanor Bron's conviction that she was the funniest thing on stage.

As the millionaire's love-lorn daughter

Polly Browne, Gemma Jones has right whisht, genteel English light soprano, very authentic. Unlike Twiggy in the film, she refrains from tap-dancing. Oliver Hickey as Tony (messenger-boy-cum-fugitive-from-the-peacock) dashes up for it.

Occasionally one guiltily肯 Russell's forbidden, ripe, fruit, jolly French maid is in the Hattie Jacques rather than the Barbara Windsor tradition. State education has left us with enumeration less Coward of Mayfair than

Jenkins conducts a cast led by

Maria Ewing and Gary Lakes (repeated April 22, 26, 30, May 3, 7). Simon Kinniside has a song recital on Thurs (4473 1300).

CONCERTS Avery Hall Thurs, Fri, Sat, next Tues: Leonard Slatkin, New York Philharmonic Orchestra in works by Haydn, Ravel, Debussy and Copland, with baritone Thomas Hampson. Sun afternoon: Andrew Litton conducts Bournemouth Symphony Orchestra and the New Zealand Symphony, with violin soloist Cho-Liang Lin (875 5030). Next Mon: Tully Hall: Cecilia Bartoli song (875 8500).

Carnegie Hall Tonight and tomorrow: Giuseppe Sinopoli conducts Dresden Staatskapelle in two programmes, including symphonies by Brahms, Beethoven and Schumann. Wed: Ursula Oppens piano recital. Thurs: Jon Faddis conducts Carnegie Hall Jazz Band and others in works by Ellington, Jelly Roll Morton and others. Fri: New York Pops. Sat: Neeme Järvi conducts Detroit Symphony Orchestra in works by Rachmaninov, Saint-Saëns and Ellington. Next Mon: Pinches Zukerman plays Brahms' Violin Concerto (247 7800).

ARTS GUIDE

Theatre

The Mill is not on the Floss

George Eliot (1819-1880) confided to a friend in 1860

"the Mill is not even the Floss." By the same token, the Oxford Playhouse, the Shared Experience touring production of *The Mill on the Floss* is nowhere near Eliot. But it is no less enjoyable for that, and makes a laudable attempt at a difficult task.

The play starts with Maggie Tuliver reading about Maggie and drowning. This sets the tone for Maggie's unconventional life and water death. Then follows the familiar story of the fall of the house of Tuliver, the death of Maggie's father, her venal aunts and uncles, her love for the son of the man who ruined her family, and her passionate affair with her cousin's fiancée. And a river runs through it.

Eliot works on the page and

on film but not on stage because she needs a fixed point of view - one narrator or one camera. The theatre has too many possibilities. Shared Experience solved the technical problems better in their recent *Anna Karenina* and *A Handful of Dust* by giving the actors some of the narrative, allowing them to introduce each other. But here, the first half is a jumbled sequence of events which would be hard to follow without some Eliot prehistory. The second half works better because the characters are known.

Eliot was more interested in abstracts than the production allows. She is a Victorian agony aunt, having her characters speak truths about their situation and ours: "Being unhappy is hard." Her world is all habit. It is a world of all habits and promises.

invisble bonds that make a community. And the way of seeing life works better in print than on stage.

However, the production brilliantly brings a rebellious child, pious young woman and passionate, sensitive adult making a prime time Freudian trip to personality. It would be a cert for Oprah Winfrey: "And what was the child in you telling you at that time?"

Shirley Henderson (young Maggie) is a fine actor, bringing sex, passion and just enough idiosyncrasy to the part. Around her, Simeon Andrews as her father and Ian Puleston-Davies as the brother who grows into him are both solid; Helen Schlesinger as the adult Maggie is a riot of indecision. She gives the lie to one who thinks Eliot is presented sexily.

Elsewhere the acting is than a slippery regional accent, will hamper proposed European tour. The commendably stripped-out mill interior with grain sacks, especially when of the penitential blue serge and steps into a wicked black lace evening gown for a fatal charity ball. Nancy Meckler and Polly Teale direct Helen Edmundson's adaptation. They have taken on difficult task, and have done well with other adaptations. But George Eliot's fault.

Andrew St George

On tour to Cardiff (April 19-23, 0222 448844); Bath (April 20-22, 0225 323438); Brighton (May 3-7, 0222 328 1000).

HRH

adores her in a helpless, nice but dim sort of way.

He has also entrusted a shabby businessman with Nazi sympathies with Sam. As Wilson exclaims, "I'm 47, on my third marriage and I'm with a barely-controlled hole who's given a suitcase with our life savings to the local crook." The first act ends with the revelation that local millionaire, Sir Harry Oakes, has been murdered.

There follows a hypothetical explanation of the Duke's toric blunder in summing up from Miami with informing American British.

Gervais' direction can in this with a piece beyond sit the two characters down or all them up, facing in warmth and communication in his circle. He has unconsciously had their revenge by using the mass media to undermine the image of a family property. The new play is a Victorian agony aunt, having her characters speak truths about their situation and ours: "Being unhappy is hard." It emphasises how lucky we are to be rid of Edward VIII.

On a circular desk, like the Duke of giant sun-dial, the Duke and Duchess of Windsor pass out their gilded exile in wartime governorship of the Bahamas.

Given the playwright Sam Wilson's fizzingly imaginative way with history (he has a notable arabesque on Shakespeare and Elizabeth I to his credit), we expect an irreverent, perhaps surreal, bagatelle. In fact we get a dialogue full of the sort of anecdote, reminiscence and explanation inevitable with historical subjects, smacking of careful research but only occasionally igniting theatrically.

The style is naturalistic, though the stage darkens for moments of introspection or memory and brightens for everyday dialogue. Wallis' plummy voice: "I sounded less pooh than BBC announcer."

Martin Hoyle

Theatre Clwyd, Mold. Box office: 0852 755144

INTERNATIONAL ARTS GUIDE

BERLIN

OPERA/DANCE Staatsoper unter den Linden. Tonight's performance of *Wozzeck* is the first of four conducted by Daniel Barenboim and staged by Patrice Chéreau, with cast headed by Franz Grundheber, Waltraud Meier, Graham Clark and Günter von Koenen. This week's repertory also includes *Die Zauberflöte* and a programme of choreographies by Alberto Alonso and Youn Vanois (200 4762/2035 4494).

DEUTSCHE OPER This week's highlights are Lucia di Lammermoor on Wed and Sat starring Lucia Aliberti and Robert Alagna, and Der Rosenkavalier on Sun with Karan Armstrong, Yvonne Wedderburn and Artur Koni. Repertory also includes *Die Zauberflöte* and *Der fliegende Holländer* (341 0249).

CONCERTS Schauspielhaus Tonight: Leopold Hager conducts Berlin Symphony Orchestra in works by Bizet, Ravel, Satie and Debussy, with soprano Ruxandra Donose. Tomorrow: Olaf Henzold conducts Lucerne

THEATRE

■ *Passion*: Stephen Sondheim's new musical based on Ignazio Tarchetti's 1869 novel about a woman's unrequited love for a handsome young army captain. Directed by James Lapine. In previews, opens April 28 (Plymouth, 236 West 45th St, 239 6200).

■ *Carousel*: Nicholas Hytner's London production of the Rodgers and Hammerstein musical has been recreated with Michael Hayden as the American cast as Billy Bigelow (Vivian Beaumont, Lincoln Center, 239 6200).

■ *Medea*: Il transfer from London of the acclaimed Almeida production of Euripides' tragedy of revenge, starring Diana Rigg (Longacre, 220 West 46th St, 239 6200).

■ *Angels in America*: Tony Kushner's epic two-part drama conjures a vision of America at the edge of disaster. Part one is *Millennium Approaches*, part two *Perestroika*, played on separate evenings (Walter Kerr, 219 West 48th St, 239 6200).

■ *Four Dogs*: A Bone, John Patrick Shanley's comedy about movie-making and power plays in Hollywood was one of off-Broadway's biggest hits last autumn (Lucille Lortel, 21 Christopher St, 924 8782).

■ *Fool for Love* (Liebestoll): a new Schaubühne production of one of Sam Shepard's most popular and powerful plays, about two

former lovers who have an emotionally explosive reunion in a motel room on the edge of the Mojave Desert. Directed by Elmer Goeden (890023).

reunion in London of three American Jewish sisters (Etel Barrymore, 243 West 47th St, 239 6200).

■ *Laughter on the 23rd Floor*: Neil Simon's 27th Broadway play, about a group of writers trying to come up with a new show, is one of his finest comic efforts. Directed by Jerry Zaks (Richard Rodgers, 226 West 46th St, 307 4100).

■ *Kiss of the Spider Woman*: a musical with songs by Kander and Ebb and a star performance by Chita Rivera in the title role (Broadhurst, 235 West 44th St, 239 6200).

■ *My Fair Lady*: Howard Davies' genial new production of the Lerner and Loewe musical, with Richard Chamberlain as a suave Professor Higgins and Melissa Errico the attractive Eliza (Virginia, 245 West 52nd St, 239 6200).

■ *Pounding Nails into the Floor with My Forehead*: Eric Bogosian's monologue on life in the 1990s mows down all the sacred cows of political correctness. A scathing, scatological, exhilarating rant. Final week (Minetta Lane, 111 Minetta Lane, east of Sixth Ave, 307 4100).

■ *OPERADANCE* Metropolitan Opera The final week of the 1993-4 Met season brings *Tosca*, *Otello*, *Aida* and *Ariadne auf Naxos*. American Ballet Theatre opens a six-week season next Mon, including performances of Kevin McKenzie's production of *The Nutcracker*, the world premiere of a new work by Canadian-born choreographer James Kudelka and revivals of Tudor's *Echoing of Trumpets* and *Les Sylphides* (362 8000).

■ *State Theater* New York City Spring season opens on

April 28 with a two-week run of Peter Martin's production of *Sleeping Beauty* (870 5570).

CONCERTS Avery Hall Thurs, Fri, Sat, next Tues: Leonard Slatkin, New York Philharmonic Orchestra in works by Haydn, Ravel, Debussy and Copland, with baritone Thomas Hampson. Sun afternoon: Andrew Litton conducts Bournemouth Symphony Orchestra and the New Zealand Symphony, with violin soloist Cho-Liang Lin (875 5030). Next Mon: Tully Hall: Cecilia Bartoli song (875 8500).

ARTS GUIDE

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Tuesday: Austria, Belgium, Switzerland, Copenhagen, Washington, Chicago, New York, Paris, Germany, Scandinavia.

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Monday April 18 1994

Disaster at Gorazde

Saturday was a black day in the history of both Nato and the United Nations - the two institutions on which it had seemed possible to build some semblance of world order after the cold war. The debacle at Gorazde is a disaster for Bosnia - one more, after so many. It is a catastrophe for Unprofor, the UN protection force in the former Yugoslavia.

Many reputations will be tarnished. Those special envoys who last week were uttering optimistic statements about ceasefires and compromise solutions are left looking irredeemably foolish. Aadder causality - given the hopes that had been raised by his efforts until last week - is the reputation of Unprofor's commander in Bosnia, General Sir Michael Rose.

For two months General Rose's energy and ingenuity, backed by an apparently firmer sense of purpose among his political masters, had made it seem as if Unprofor was actually capable of carrying out its mandate, and even as if that mandate was clear and coherent. But in truth the mandate remained contradictory.

It was often asserted, not least by General Rose himself, that Unprofor was a neutral peacekeeping and humanitarian operation, authorised to use force only in its own defence. Given the size and nature of the units comprising it, that was perhaps the only realistic way for its commanders to interpret their mandate. But that interpretation ignored many paragraphs in the relevant UN Security Council resolutions, which authorised the use of force not only to ensure that humanitarian aid reached the people who needed it, but also to defend the so-called "safe areas".

It also ignored the political context in which those resolutions were passed, which was one of worldwide outrage at the violent dismantling of a state.

The world at large has not wavered in its judgment that the principal aggressors are the Bosnian Serbs, skied and abetted by Serbia. The Security Council has

imposed very tough sanctions on Serbia, and the "safe areas" it proclaimed were all places still held by the Bosnian government, but threatened by the Serb advance. It is hardly surprising, therefore, that the Serb forces regarded Unprofor with intense suspicion, especially whenever its commanders showed signs of taking their mandate seriously and being prepared to use force to carry it out.

Perhaps if General Rose had been given the extra troops he asked for, he might have succeeded. As it was, the Serbs called his bluff, and he underestimated the gravity of their challenge until it was too late. Then Nato provided "close air support" at his request, but this was not enough even to protect UN personnel, let alone to protect the "safe areas" of Gorazde and its population. Only a much more intensive air bombardment of Serb forces could have affected the military outcome, and for this there was no stomach either in national capitals or at Unprofor HQ.

Logically there are now only two options left. One is for Unprofor to be called out and the Bosnians left to fight their own war, with weapons and perhaps also air cover from sympathetic outsiders. The other is for Unprofor to be massively reinforced and equipped to fight.

Neither option is likely to be adopted. The Serbs are in a position to make Unprofor's withdrawal very difficult, and few western governments will be prepared to take responsibility for the likely immediate consequences for Bosnian civilians, who for better or worse have come to depend on the UN humanitarian relief effort. But governments will be even less willing to contemplate an all-out war with the Bosnian Serbs. The end probability is that Unprofor will stay, becoming ever more constrained in its relief role and in effect serving to ratify the results of Serb aggression. The reality of the new world order is proving very different from the prospectus offered in 1990-91.

Latin America

It is a long time since a senior US official has advised Latin American governments to do what they can to strengthen trade unions. And it is a far cry from the Reagan and Bush years when that same official argues that markets alone, without governments, cannot bring prosperity.

Yet this was the message of a powerful speech by Mr Lawrence Summers, the US Treasury under-secretary, to the Inter-American Development Bank last week. His words, if put into action, would have profound implications for Latin America and other developing regions. They also contain some risks.

Regional development banks such as the IADB were, he said, "as important to the new world order as the regional security organisations were to the old one", as the challenge of defeating communism had been replaced by that of sharing prosperity.

The development banks certainly have much to recommend them in helping to address social problems that threaten regional prosperity. On its own, however, throwing money at social problems will not work. Nor is there any one blueprint for success in confronting them. And if it goes too far in emphasising government action on social issues, there is a danger that the US administration could help to reinforce rather than remove obstacles to reform in Latin America.

As Mr Summers himself implied, Latin American governments can now begin to address social challenges only because of their improved, macroeconomic management and market-oriented reform programmes. The first priority for governments attempting to address unequal income distribution is to tackle inflation which daily widens the gap between rich and poor. As Brazil shows, governments cannot even think about social programmes while suffering four-digit annual inflation.

The risk is that the emphasis on social issues will raise conflicts which play into the hands of those wishing to block further necessary reforms. Most Latin American countries already have strong labour laws (though they are unevenly applied) which inhibit competitiveness and benefit those with jobs at the expense of the unemployed. Public-sector trade unions continue to impede reform of bureaucracies, health and education systems.

More ominously, the new American emphasis on social ideals has parallels with its stance on labour and environmental standards in trade negotiations. Developing countries may ask what lies behind these arguments. Is the US really worried about conditions of workers in Peru or is it looking to hobble competition from poorer countries?

Some of these concerns can be alleviated by the multilateral approach described by Mr Summers. But Washington must take care not to impose its ideas on Latin America. Otherwise, its new drive for social justice in Latin America will be seen as a covert means of pursuing the perceived commercial interests of the US.

Beauty's riches

It is a truth universally acknowledged - and almost as widely resented - that beauty rarely goes unrewarded. But it has taken the ingenuity of academic economists to put a price on what the world's oldest profession always knew. In a paper for the US National Bureau of Economic Research, Messrs Daniel Hamermesh and Jeff Biddle have found that plain people earn 5 to 10 per cent less than people of average looks, while average-looking people earn 5 per cent less than those who are good looking.

This seems hard on the ugly. Yet those who believe that market forces reflect people's marginal value to society will not doubt say: tough but just. The followers of Friedrich Hayek will, on the other hand, pay a backhanded compliment to the physiologically disadvantaged by declaring that there is no moral merit or demerit attaching to rewards in the labour market. Yet both these camps, which tend to belong on the intellectual right, should be on their

way to mid-morning in Manhattan and a pudgy 13-year-old boy is playing video games in an amusement arcade just off Times Square, roads of bright lights, sexual squalor and tourist tat.

A team from New York City's new anti-truancy police squad accosts the child, orders him into a van, and detains him for 90 minutes on suspicion of skipping school.

A crackdown on classroom absenteeism may not be one of the weightiest reforms in New York in the past three months by its new mayor, Mr Rudolph Giuliani, yet it is symbolically significant: the city's first Republican mayor in 20 years is taking the unruly metropolis by its collar and trying to shake it into greater self-discipline, both fiscal and social.

Mr Giuliani, who has just celebrated his first 100 days in office, has been a whirl of policy initiatives - in sharp contrast to the reactive style of his Democratic predecessor, Mr David Dinkins, New York's first black mayor, whom Mr Giuliani narrowly defeated in last November's election.

The mayor's reform programme, designed to avert a looming budget crisis and reverse deterioration in the city's "quality of life", has four main elements.

The first is a crackdown on crime under a tough new police chief, Mr William Bratton. For example, police officers on the beat can now arrest drug dealers, rather than leaving this to special narcotics squads. The anti-truancy patrols are designed in part to pinpoint juvenile criminals, whose numbers are growing disturbingly.

Second, the mayor is reforming the school system, which suffers from declining standards, crumbling buildings and rising student violence. While vital, this is a complex task on which he has yet to formulate clear policies. His initial goal - to cut education bureaucracy so more money can flow to schools - is only a partial palliative.

Third, he wants to create a more business-friendly climate, and has made a modest first step by proposing small cuts in the corporate tax burden. Finally, he is trying to end that longest running of New York's - the city's recurrent budget crisis - with a reform of its finances, privatisation of services and an efficiency drive.

His immediate task is to bridge a potential \$2.3bn budget gap in the year beginning July 1. His plan includes cutting the municipal workforce by 16,000 and wringing productivity out of the unions; consolidating various government departments; and selling off at least four municipal hospitals, 55 petrol stations and a television and radio station. He is also trying to get New York state to assume a fairer proportion of Medicaid, which provides healthcare for the indigent and is one of the largest and fastest growing budget items.

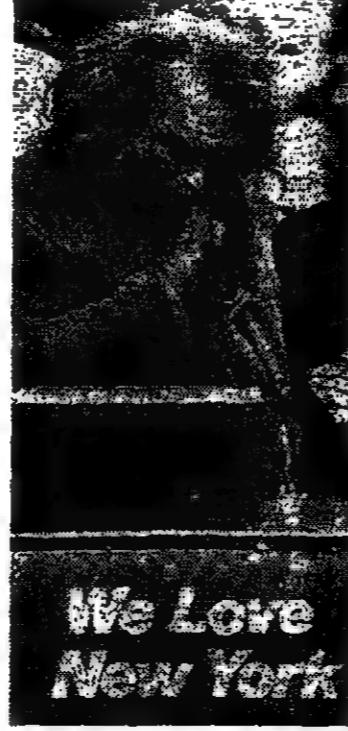
Neither option is likely to be adopted. The Serbs are in a position to make Unprofor's withdrawal very difficult, and few western governments will be prepared to take responsibility for the likely immediate consequences for Bosnian civilians, who for better or worse have come to depend on the UN humanitarian relief effort.

But along the way, the mayor has stirred up controversy. Many New Yorkers say he has yet to demonstrate the skills of diplomacy and political compromise needed to run the world's most polyglot city smoothly over the long haul.

For Mr Giuliani, a 49-year-old former US attorney who made his name in the 1980s with the zealous prosecution of New York drug dealers, mafiosi and Wall Street insider traders, has moved to City Hall the ballyhoo, inscrutable style of the courtroom interrogator, pouring personal scorn on politicians and

Spicy recipe for the Big Apple

Martin Dickson assesses the impact of Mayor Giuliani on New York's long-running financial and social problems



There are many poor in the city...



... and New Yorkers expect Mr Giuliani to solve their social problems

civil servants who cross him.

The strength of this approach was shown at the start of this month, when he presurised the normally belligerent municipal unions into accepting voluntary redundancies. His weakness was underlined a week ago when his interference and intransigence prompted a highly respected head of the schools to resign.

The new mayor is walking a fine line. As the first Republican to become mayor of New York since the mid-1970s, Mr Giuliani has few political debts to pay, and therefore has the best chance in a generation of reforming the city's government.

New York's immigrant-driven culture has given it a ragged energy reminiscent of the turn of the century'

But he also needs to talk softly, if he is to win the co-operation of the Democratic-controlled city legislature and municipal agencies.

The first real test of the administration's will will come this spring as Mr Giuliani tries to build a consensus in the legislature to his plan to prosecute New York drug dealers, mafiosi and Wall Street insider traders, has moved to City Hall the ballyhoo, inscrutable style of the courtroom interrogator, pouring personal scorn on politicians and

which supported Mr Dinkins.

"I think he's off to a good start," says Mr Felix Rohatyn, the veteran banker who helped save the city from a more serious financial crisis in the mid-1970s. "But it's very important that as soon as possible he be seen as mayor of all the people of the city... There are still a lot of racial tensions in New York."

Still, Mr Giuliani manages this balancing act could have a profound impact on the future of New York for he has come to office at a decisive point in the city's history. Its mounting social and financial problems could mean a slow but inexorable economic decline, while solutions to them could prompt revival.

New York is not alone in its problems. Many large cities face budget crises, high crime, an alienated black underclass and a flight of business and the middle class to the suburbs. Nor is it alone in electing a reformist, market-oriented mayor. Over the past year cities as varied as Los Angeles and Jersey City voted in Republicans in place of their traditional Democrats.

Yet New York remains the single greatest centre of creative and intellectual capital in the US and is a leading centre for two of the sectors which seem likely to enjoy particularly strong growth in the next few decades: entertainment/information and technology.

Mr Mitchell Moss, head of the Urban Research Centre at New York University, says the city's competitive, cosmopolitan nature means that "it is still a phenomenal draw for the talented". He adds: "It just has to keep it that way."

Companies have angered some rivals. Concerns about over-capacity, however, are shared by senior executives in other companies. Sir Alan Cockshaw, chairman of Amec, the international construction company which last year made pre-tax profits of just \$21m on a turnover of \$2.15bn, says the industry is in need of rationalisation.

Some are better placed than others, however. For instance, which are leading the sector out of recession. Sales are rising and margins have begun to improve as prices increase and builders use up expensive land bought in the late 1980s.

There is nevertheless concern that land prices, which have risen by up to 50 per cent in the southeast during the past 12 months, could slow the pace of future developments. Falling interest rates reduce this income. As in many industries, sub-contractors complain about the length of time it takes for main contractors to make payments - another sign of cash problems.

Laing's forthright comments

on banks' support for weaker

Contracting margins

Andrew Taylor on the gloom among UK builders

57 per cent rise in 1993 pre-tax profits to £18.3m, estimates that overcapacity in the industry is running at about 30 per cent. In contrast, building material companies have been much more successful in cutting spending.

Overcapacity has led to a fall in prices. In 1993 contractors win jobs by 22 per cent since 1992, but list prices for building materials and labour have risen by 21 per cent according to E.C. Harris, the construction cost consultancy.

Some of the difference between tender prices and costs will have been made up by claims for additional payments to meet "unforeseen" design changes which traditionally arise after contracts have been signed. E.C. Harris also says there is evidence of a pick-up in construction tender prices of about 2.5 per cent since last summer.

Even so, margins are likely to remain paper thin, with increases

in the prices charged by building material producers and sub-contractors likely to offset any rise in tender prices. Even if tender prices were to rise sharply they might affect published earnings figures for another two years or more because of the time lag before profits from projects are included in accounts.

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Even so, margins are likely to

OBSEVER



You'd never know he's run a London matinee in a gorilla suit!

just like the rest of the accountancy profession, has been caught

covering a trifle foolishly behind the letter of the law. The 1993 accounts fail to provide a cash flow statement because, as a note explains, the LSCA is defined as a small company, which is exempt from the requirement to comply.

Michael who?

The London Society of Chartered Accountants, which presumably holds with greater transparency in financial reporting

Commons catering committee, Martin is behind the decree that will allow MPs to wine and dine by the Thames this summer free from the prying eyes of the press.

Perhaps fearing an increase in their bar bills, senior Labour figures were hastily blaming the ill-conceived ban on the Tories. It had obviously eluded them that Martin has represented the Labour constituency of Springfield in Glasgow for the last 15 years. But then the 48-year-old MP's only other claim to fame is that he was once an aide to Denis Healey.

In for a penny

Defending the Irish punt following sterling's exit from the ERM cost the Irish government an estimated £235m, equivalent to about half its 1993 borrowing requirement. It emerged recently.

So it comes as less than a complete surprise that Maurice Doyle, the Irish central bank president who played a prime role in formulating exchange rate policy during the crisis, will be running for a second term of office.

Finance minister Bertie Ahern, now mulling over a shortlist of candidates to take on the job from the end of this month, had been especially careful to praise Doyle's "great professionalism". But last Friday, introducing a new five-point note, an impish Ahern rounded off his speech by thanking Doyle for his "sterling service to the bank and to the nation".

Understated

Tut tut. The London Society of Chartered Accountants, which

presumably holds with greater

transparency in financial reporting

Weekend FT

ity

SECTION II

Weekend April 2/April 4 1994



A prima donna's great performance

For the nation that invented opera, the sudden emergence of Silvio Berlusconi as star of Italian politics seems only natural. As in opera, the staging and music have been all important. The beauty of a libretto is masked easily by the magic of a prima donna's great performance. So, in Berlusconi's spectacularly successful election campaign, form triumphed over content, the packaging over the person, and the image over reality.

Italians like and admire the *bel canto* and do not always want to know how it is created. Berlusconi's was a superb performance. One in four of the Italian electorate voted for this self-made man whose media empire is the nation's largest in Europe. Now, he looks set to become Italy's next prime minister after less than three months in politics.

Eugenio Scalfari, editor of *La Repubblica* newspaper and one of Berlusconi's most outspoken critics, described him this week as "the great seducer". And, indeed, Berlusconi's performance on the political stage has been an extraordinary act of seduction, showing a segment of the Italian public turning a blind eye to his political qualifications and the more questionable side of his past. He concluded that the main reason for Berlusconi's success was his ability to convey the impression of "do-it-yourself politics" - that an

individual can take on the system. No one could have imagined six months ago that Berlusconi, a non-politician, would probably be Italy's next leader at the head of a newly-formed political movement, *Fininvest*. It was equally improbable to conceive that the public embracing a movement with a name culled from a football slogan ("Come on, Italy!").

Berlusconi himself was at a crossroads in the middle of last year. His political friends were vanishing off the scene, discredited by the corruption scandals. His profitable near-monopoly over Italian commercial television looked increasingly vulnerable as politicians across the ideological divide sought to re-draw the map of public and private television ownership. Berlusconi's *Fininvest* empire itself was floundering under a burden of debt caused by over-ambitious purchases during the boom of the 1980s.

When he formed Forza Italia last October, he seemed still to be playing the businessman, orchestrating a political challenge through existing politicians. Only at the end of January did he go public with his political ambitions. He declared: "I am telling you that we can... that we must build together for us and our children a new Italian miracle." Even then, too much seemed stacked against him. He talked of family values, passing over the fact that he had gone through a messy divorce before taking a second wife. He talked of his faith in catholic

morality while his television stations pumped out cheap soap opera culture and a diet of big-bosomed titillation. He talked of free enterprise, ignoring the protected environment of much of Italian business from which he had benefited. He talked of reducing Italy's huge mountain of debt when his companies, like the Italian company, had grown on debt.

Above all, he appeared to have the terminal disadvantage of being associated with the *regime* - the clique of Christian Democrat

gained control of three channels, dominating commercial TV and providing access to 45 per cent of the national audience. Elsewhere in Europe is one group permitted such a near-monopoly.

Fininvest came into the scrutiny of investigating magistrates in Milan who questioned his close contacts with the television licences were given up at the end of the 1980s. His younger brother, Paolo, was charged with corruption relating to the disposal of company. How, then, was

he worked assiduously to the image of Berlusconi the winner through Milan's series of victories. He saw the Milan fans as his fans and played to them with well-staged appearances: landing at the stadium in his helicopter and turning up dressed immaculately for training sessions.

With hindsight, Berlusconi's critics overestimated the damage of being associated with his political contacts and under-estimated his existing appeal among Italians, especially the young. During

In other words, Berlusconi is not hurt by being seen as a traditional politician. On the contrary: in the one hostile television interview, he managed to make himself a victim in the eyes of his supporters. He claimed the interviewer had nothing on which to attack him except raising old chestnuts such as his friendship with Craxi.

He and his advisers realised, correctly, that in two years' time one corruption stop would be another, Italy had given an example. Corruption had been replaced by concern over jobs and declining incomes as the people's main worry.

Indeed, Berlusconi did not raise the corruption issue during the campaign. There was no impact from his brother, Paolo, was arrested halfway through and admitted paying bribes for building contracts to develop a Milan suburb - even though Paolo was running the construction company set up by Silvio and *Fininvest* wanted to the early 1980s when Silvio was very much in charge. Nothing was done on the candidate.

The same applied to well-publicised leaks from Dell'Utri, Berlusconi's long-standing friend and the brains behind his political bid, now under investigation for links with *Fininvest*. Although the information came from a highly respected former magistrate and head of the parliamentary anti-Mafia commission, Berlusconi turned this to his advan-

tage and claimed his sources were using the state apparatus to run vendettas against him.

The campaign organisers tried to people paid little heed to political polemics on television except for those provided by a handful of chat show hosts. Only those not the politicians - were seen to articulate the problems of ordinary Italians. In his television appearances or at public meetings, Berlusconi avoided politics, gave a lecture, and adopted the role of a chat host, wandering across the stage with a microphone.

More importantly, Berlusconi - who had once written a thesis on marketing, and made a fortune out of understanding the advertising market - valued the value of targeting his message. His message that ordinary people felt betrayed by Italy's long-ruling political establishment. This led to the formation of Forza Italia clubs, allowing the public to part in the political in the same way that a football fan can follow his team through a supporter's club.

In four months, more than 13,000 clubs were formed nationwide, organised through *Fininvest*. Here, the human and financial resources of *Fininvest*'s advertising arm, Pubitalia, and the empire's *Teleitalia* chain were invaluable.

The and the manner in

Continued on page VII

One of his fiercest critics called him "the great seducer." Now, a media tycoon with no previous political experience seems very likely to become Italy's next prime minister.

Robert Graham explains how the image triumphed over reality

and Socialist politicians who had presided over a politico-economic system that had become riddled with corruption. His *Fininvest* group grew on the back of political protection provided in Milan by the Socialist party and its leader, Bettino Craxi. He had also joined the masonic lodge of Licio Gelli, who had been linked with many of the obscure episodes of the past - such as the collapse of the Banco Ambrosiano.

Berlusconi enjoyed a very public friendship with Craxi; this helped in seal the unusual structure of television ownership in Italy. He

able to present himself as both new and acceptable?

He was a household name as "Mr TV". He was also responsible for one of the most easily recognisable stories in Italy. In 1987, he bought the ailing AC Milan football club and, with a series of expensive player transfers, turned it into a cup-winning team. "If one looks now, building up the Milan team, with its high-profile international sign-ons, the beginning of the construction of Berlusconi's political ego," one of his former employees.

frequent polls among them showed Berlusconi was their favoured role model. Significantly, he picked up a high portion of the young in the general election.

He is a household name - people identify with him easily," Roberto Losanga, his election campaign manager when it began. "He's new simply because he was not a politician and never pretended to be. He doesn't down people like a politician. Instead, he talks people into it. He tells them who wants to put things right by entering politics."

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The crucifixion: resurrection and rebirth is discussed by JDF Jones and Jules Cashford

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MARKETS

London

Psychology gains the upper hand

Roderick Oram

If you want a nice, restful weekend, please turn the page.

Still here? Steel yourself for the chart on the right and some of the analysts' comments that follow.

Equities are unnerving for the worse this week in London and New York. Thus far in the markets' eight-week fall, most analysts had resorted to rational explanations: key conditions, notably US monetary policy, had changed; the markets would quickly accommodate and stabilise at lower levels, they argued.

But psychology is now in the upper hand, squeezing fundamentals. Falling share prices are having gained an ominous momentum of their own. The rumblings are louder on Wall Street than in the City but the UK markets are still taking their lead from the US.

The FT-SE 100 index rocketed up 15.5 points to 1,100. It has now given up the entire 440-point gain since

November's budget. Prices, however, drawing some comfort from a successful auction of floating rate bonds, were little higher.

This is prime time for pundits. Knight, Nomura's London strategist, and the FT-SE 100 was heading for 2,800. Robin Aspinall, Pan-Gordon, had been forecasting that level since last November. "It is a phenomenal figure, but only

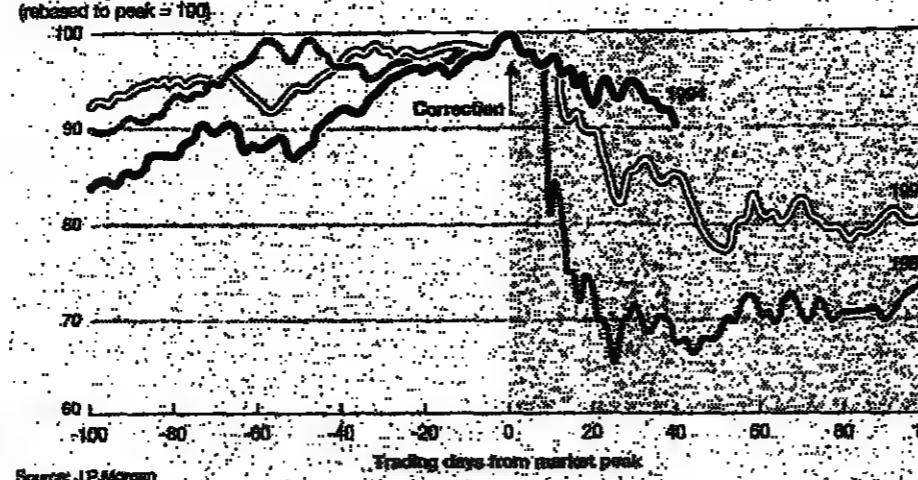
now," he said.

Wall Street, Elaine Garzarelli, Lehman Brothers' influential equities analyst, said the Dow Jones industrial was only halfway through a 15 per cent correction. Wall Street prices duly tumbled.

"Investors are through phases in the market decline: complacency, concern, capitulation. We are concerned. Capitalisation is ahead," said Byron Wein, leading US analyst at Morgan Stanley.

Retail investors in particular

Stock market corrections: is history a guide?

FT-A Europe index
(rebased to peak = 100)

Source: J.P. Morgan

are vulnerable to losing their nerve. On both sides of Atlantic, they had swapped into equities as interest rates fell. Now rates are rising and equities falling, some will be tempted to preserve slender gains, or forestall further losses, by selling shares.

Stability has to be achieved at some point, but how far down is the bottom of the market?

The accompanying chart shows what happened to the FT-A index of European stocks in the corrections of 1990 and so far this year. Mark Howell, chief European strategist at J.P. Morgan, does not believe the drop will be anywhere near as steep as 1987 when a financial bubble burst, or even the Gulf War unsettled markets. But he thinks the current bottom could be another 5 to 10 percentage points below here.

The pattern is instructive.

About a month into a downturn, stock markets usually manage a feeble rebound, then continue to fall for another month or two. After that, they bump along for many more months trying to build a firm enough psychological and fundamental basis from which to rally.

Aspinall,

one of City's most

irascible bears, agrees with the pattern but believes the bottom will be even lower. He has long advocated that the run up in stocks last year was liquidity driven. Now that the "cascade of cash" is diminishing, stocks have a long way to retreat. "Valuations are still too high in my view of the world. Low inflation and low growth are not good news for equities."

These analysts trying to hang on to fundamentals point, for example, to the 4 per cent historic dividend yield which the Footsie will offer if it falls to 2,900. But they admit a change in psychology would be needed before a significant equity buying resumes.

"It's a horrible quarter," said Mark Tinker, an equity strategist at Capel. What equities need is a firm gilt market to stabilise them.

This support could materialise in the coming weeks when institutional investors begin to implement their second quarter strategies. Pension funds, for example, are likely to find attractive gilts' near 8 per cent yield. "If gilts can provide a prop, the equity market can go back to concentrating on fundamentals and its own dynamics."

The most dramatic turn of

the week within equities came

in the property sector. After several months during which the sector traded at a very unusual premium to net asset value, it reversed to its more normal discount.

A number of property floats

were caught in the shift

of sentiment. Capital Shopping Centres, priced at a 13 per cent premium when the sector was at a 20 per cent premium, had a rough first day of trading. Its shares closed 22p below their offer price of 220p.

Similarly the Rugby Estates float was priced on Thursday well below its initial target price.

The glut of property floats

will cause some of the more

optimistic ones to abandon

their market place or at least sharply scale back their

pricing.

On the takeover front, GKN

upped its offer for Westland

from 290p to 335p and promptly

bought control in the market.

From the start of the battle, it

had seemed only a matter of

sweetening the bid a little

since GKN started with a 45

per cent stake in the helicopter

maker.

The best quarter-end news,

though, came from the stock-

pickers. Forget the companies,

they argue. In fact, 23 of the 100

stocks in the Footsie ended the

quarter ahead. Leaders were

Arlo Wiggins up 18.2 per cent,

British Aerospace 18.2 per cent,

Ladbrokes 16.6 per cent and

Reuters 11.1 per cent.

For those who even got the

stock-picking wrong, Kingfisher

was the worst performer, down

24.6 per cent. National

Westminster Bank was off 24.7

per cent. HSBC Holdings 23.2

per cent and Guardian Royal

Exchange 22.5 per cent.

Serious Money

Proof of truth in an old wives' tale

Gillian O'Connor, personal finance editor

There is some good news for anyone

bringing in their annual

tax bill to use your right to buy

before the end of the warrant's

life, it expires worthless.

In the right conditions, you

can make a lot of money from

warrants if you get it right and vice-versa. Until the market

had been ideal for warrants: almost anyone who

owned them made money just by sitting tight as a rising market

made them steadily more valuable.

The climate could well be less propitious over the next few years. If you want to make money in a static or falling market, you need to trade actively and catch companies on the turn. This is a challenging but essentially risky game.

Is this a good time to be buying units in such an unusually

speculative trust from a novice unit trust management group?

It is impossible to give a definitive answer yet. But it is possible to state categorically that the only investors who should even consider such a fund are those rich enough to be able to afford to write off most of this investment if it comes to the

worst.

The promotional literature

describes the fund as being "only for the adventurous".

Unfortunately that kind of "warning" often tempts precisely the kind of investor it

should deter.

□ □ □

From old wives' tales to the

spicy modern world of derivatives.

Financial adviser Har-

groves Lansdowne is launch-

ing its first unit trust. Not one

to skulk in the shallow end, it

is starting its new incarnation

as a unit trust manager with a

warrant fund. The firm's 30-

year-old investment director,

Michael Scott, reckons he

knows more about warrants

than most people.

Warrants give you the right

to buy a security at a partic-

ular price over a certain period.

The warrant is, intrinsically,

parasitic: it has value only if it

enables you to buy the security

at less than its market price. If

the market price of the under-

lying security rises, the market

price of the warrant rises even

more steeply. If it falls, the

warrant falls faster. And if you

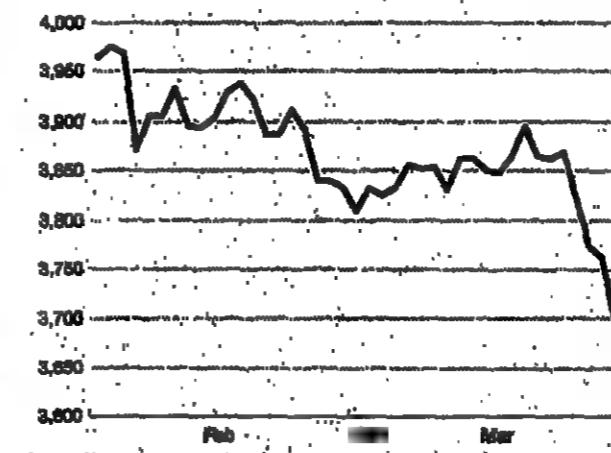
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Another tax regime, another tax trap. Most systems for collecting tax seem to penalise certain types of taxpayer almost accidentally. Our tax checklist on page III is drawn, deliberately, with a very broad brush. But it is still possible to see something nasty happening to people who get the married couple's allowance and have incomes between £27,165 and £28,885. The increase in the tax bill rises almost vertically at that point. Another, lesser, jump blights people between £21,840 and £22,360.

Wall Street

Whatever you do, don't say b**r in public

Dow Jones Industrial Average



Source: FT Graphics

ment it is increasing long-term interest rates. Since hitting a low of just under 5.8 per cent in 1993, long-term rates, as measured by the yield on the benchmark 30-year government bond, have risen to 8.1 per cent.

That in turn has been driven by growing concerns about inflation among bond investors, who believe that

although inflation

is falling, interest rates are

rising, individual investors

are starting to think twice

about whether the stock mar-

ket is the best place for their money. Yet, the latest figures show that while the flow of money into stock funds is slowing from last year's high levels, more money is still going into the stock market via funds than is leaving.

This suggests that investors, while shaken by the rise in interest rates, are still keeping faith with the stock market. How long that faith holds, is the big question.

So where does the market go from here?

No one, of course, really

knows, but there are essentially three views.

Either, stocks are nearing the end of a 10 per cent "correction". Or, they are in the middle of a 15 per cent "correction". Or (and this is the bit that Wall Street does not want to think about), stocks

are at the start of a long-term bull market.

Patrick Harverson

Monday 28/3/94 - 12.39

Tuesday 29/3/94 - 63.33

Wednesday 30/3/94 - 72.37

Thursday 31/3/94 - 82.31

Friday Closed

It knew best, they asked, how was it going to sort out Piller?

The Caradon management

admits readily that, with so

much going on at the corporate

strategic level last year, it

might well have taken its eye off the ball in the basic business.

UK building product

volumes rose 9 per cent as

the market began to recover

from recession, but prices fell 1 per cent, leaving turnover up 8 per cent.

Operating profits barely

were changed at £35.2m

</div

FINANCE AND THE FAMILY

How the tax wolf will claw your door

From next week, many taxpayers will face hefty new bills. Here, we look at who pays — and how much

Next week, higher taxes are going to hit almost everyone. Our ready reckoner helps you to work out your situation. Each graph allows you to calculate roughly how much more tax you will pay each month on one key item of income or spending. Get a

reading from the graph and fill in the relevant line in your personal tax checklist at the bottom. Then, add up all the increases and deduct (if you are lucky) any savings. The result should give a fair idea of how much fitter or poorer you will be.

YOUR TAX CHECKLIST

Once you have calculated all the relevant items from the graphs, working out the total increase in your monthly bill is easy. Take, for example, a single person of 35 earning £20,000 a year, with a £20,000 mortgage at 8 per cent, a newish company car and a fuel bill of £200 a year. Each month, he pays £17.67 more income tax, £10 more in mortgage interest, £28.90 more in car benefit, and £5.33 more in fuel tax. That is a total of £81.90 extra a month.

How much poorer will you be? £ per month

How much extra income tax will you pay? £

How much more will your mortgage cost? £

How much more will you pay for fuel? £

If you have a company car, will you pay more/less? £

Add if you pay more, deduct if you pay less.

Do you draw a state pension? If so, deduct the monthly rise.

Your total extra tax bill: £ Now, pour yourself a stiff drink.

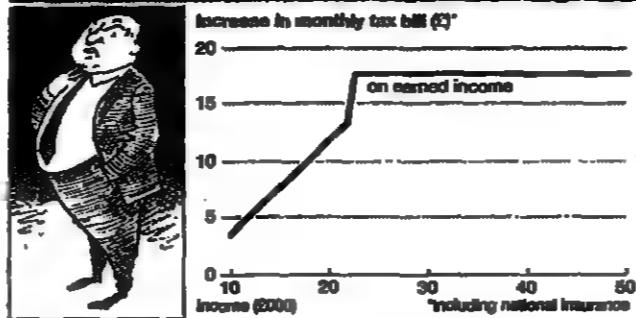
□ Our thanks for advice on tax to Touché Rose, W.F. Corcoran and Andrew Radice.



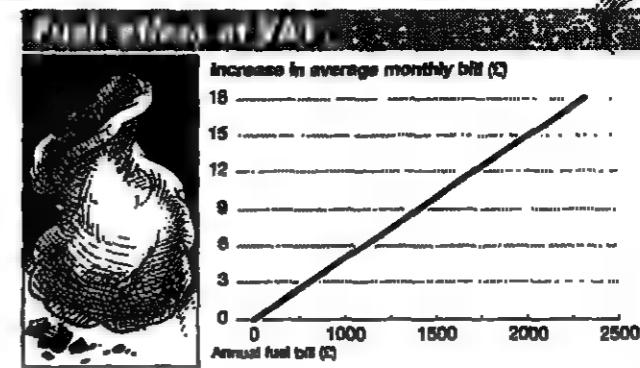
This chart applies to people who do not get the married person's allowance, and all of whose income is earned. Pick the income nearest yours on the bottom scale of the chart. Then, check the approximate increase in your tax bill by reference to the side scale. This is with your income until that gets to £22,965; then, the increase remains constant at £17.67 a month.

BUT if you have no earned income or are over 65, you actually pay £2.08 LESS tax each month.

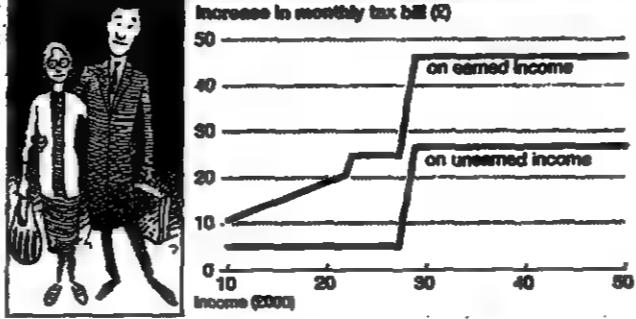
Single person: income tax increase



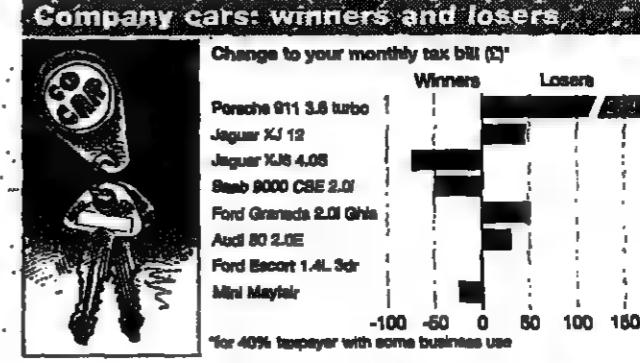
If you have pre-paid your fuel bills, ignore this chart: if you have not, and are thus subject to VAT at 8 per cent from April 1, here is what it will cost you. Find the figure closest to your annual fuel bill on the bottom scale and check the additional monthly cost on the side scale. If, for example, your fuel bill is £1,500, it will cost you an additional £120 a year, or £10 a month.



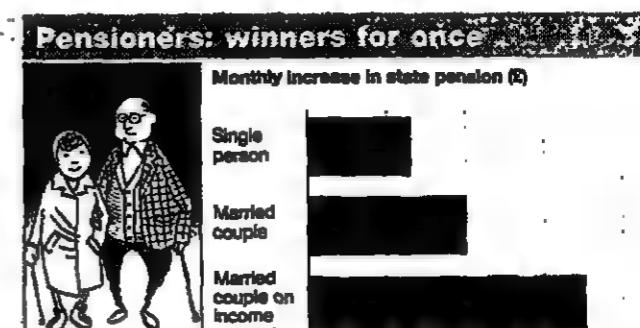
Married person: income tax increase



Only people with company cars need consider this chart: Essentially, it is a lucky dip. The change in the tax basis means some people will pay more, some less. The old system was based on engine size: the new one on list price. So, it no longer pays to go for a top of the range model. No general guidance is possible. Remember that if your car tax is less than last year, you need to deduct it from your other tax increases to work out your total extra tax.



Everyone getting the state pension — which means most men over 65 and women over 60 — benefits. Single people all get another £5.50 a month. A married couple gets another £9.60 a month. But do remember that if all the other items in your checklist are tax increases, you need to deduct the rise in pension to work out your total extra monthly tax bill.



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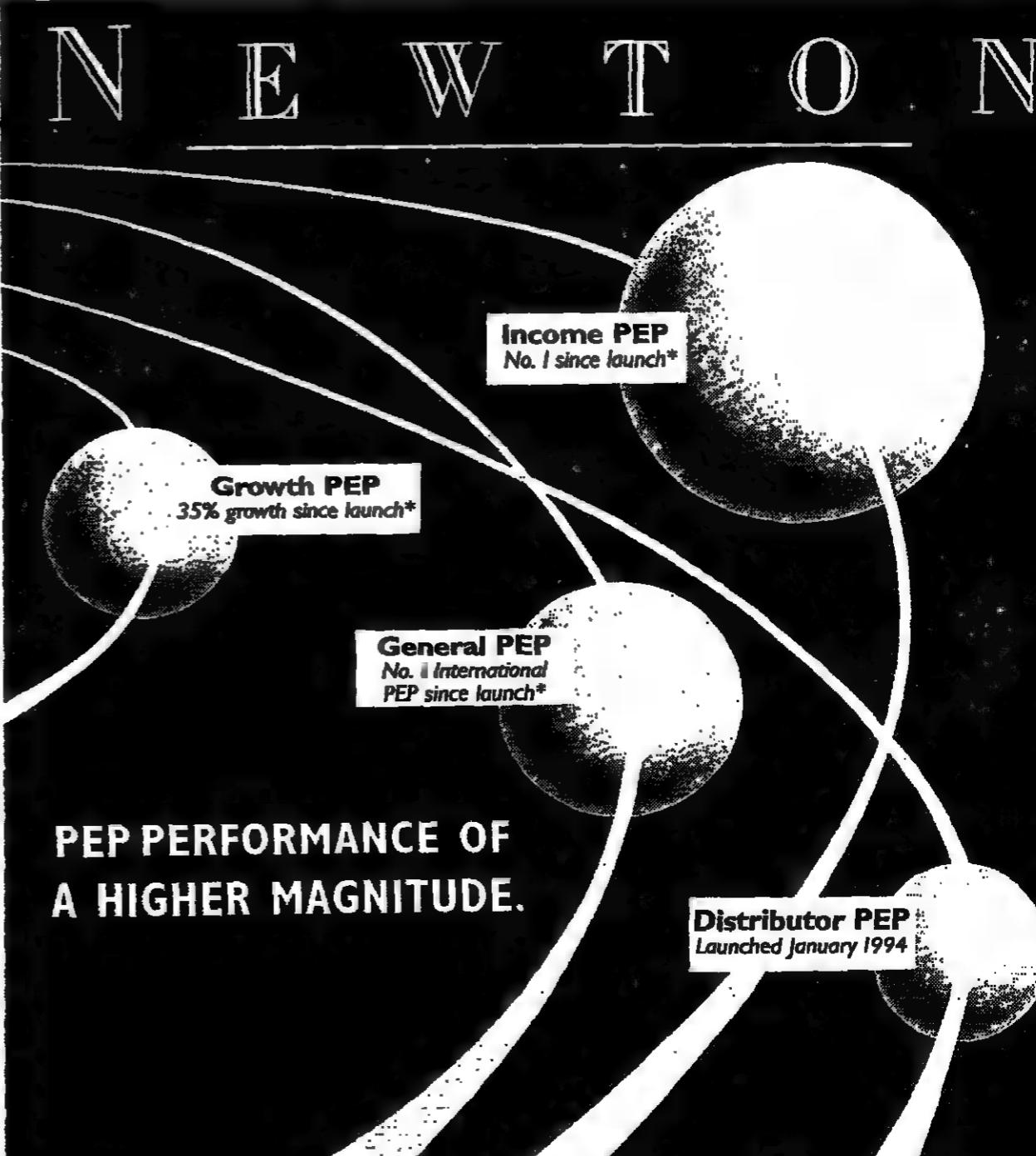
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*Source: Micropal offer to bid, net income reinvested since launch (£1.488), and 1.389 to 1.294. Please remember that the value of units and income from them may fall as well as rise (this is the result of exchange rate fluctuations) and the investor may not get back the original amount invested. Tax rates and reliefs are those applicable at time of printing and may be subject to change. Their value will depend upon individual circumstances.

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*Source: Micropal/Daily Telegraph PEP Guide, figures to 1st March 1994 from launch (Income Fund, 1/1/85; General Fund, 2/4/90; Growth Fund, 1/1/92) on an offer-to-bid basis including gross income reinvested. Growth figures for Income PEP over five years: 126%. Prevailing tax levels and reliefs are liable to change and their value will depend on your individual circumstances. The value of units and the income from them can go down as well as up and investors may not get back the full amount invested. Past performance is not necessarily a guide to the future. Issued by Newton Fund Managers Limited, a member of IMRO, LAUTRO and AURF.

FINANCE AND THE FAMILY

The commission-hater

Chantrey Financial Services: 10th in a series on fee-based advisers

David Harris, the managing director of Chantrey Financial Services, has a dream. He would like commissions on the sale of financial products to "disappear off the face of the earth."

Harris says: "In general, the financial services industry has been brought up to think that any time spent will ultimately result in a product sale. I think that is at the root cause of all our problems. We have created a public relations image that is really appalling, and we have now got a very long road and a hard job to try to put it right."

Harris worked for a Canadian stockbroker before joining accountant Chantrey Vellacott to develop its fixed interest business. He also began to take over the investment portfolios of the firm's private clients. He founded Chantrey Financial Services (CFS) in 1986 as the investment and financial planning arm of the practice.

The rigorous professional approach by CFS reflects Harris's own trenchant views on the manner in which independent financial advisers (IFAs) should conduct their business. From the start, it offered comprehensive financial planning exclusively on a fee basis, and obliged its advisers to acquire qualifications as part of their employment contracts.

Fees are time-based and range from £25 to £250 an hour. Any commission received is rebated to clients or re-invested on their behalf. Harris says: "Everybody in CFS must produce an account statement daily, and this has to account for seven hours of client work. All that information goes into the main frame computer and is converted into a monthly print-out. I can analyse this and see who spent what time on a client's account."

Harris argues that the financial services arm of an accountancy practice should enjoy the best of two very different worlds. He says: "I am fully aware that there are people in the accountancy firm with more knowledge on tax than I have, and I don't think IFAs can give proper tax advice."

"Because of my investment background, they've always

The Independents

David Harris



Name of financial adviser:

Chantrey Financial Services Ltd

10-12 Southgate Street

London EC1A 5PT

Telephone: 0171 730 1000

Fax: 0171 730 1001

Date firm was established:

1986

Fees:

£25 million

Number of clients:

200 independent practitioners

Number of offices:

One

Number of staff:

None

Services offered:

Comprehensive tax, investment and financial planning service

Fees: £25 million

FASHION

Men who change gear

Many can't wait to throw off their dull weekday attire, says Paul Keers

It is only at weekends that many men feel they can dress as they like. Professional dress is so proscribed there is little scope for individuality during the working week. But at weekends, men reveal a little more of their personality in the way they dress - whether it is to play sports, play with the children - or play the peacock.

Michael Naylor-Leyland, 37, is executive manager of The Lanesborough, the luxury hotel on Hyde Park Corner, in central London. His working week is spent in formal morning dress - the ideal dress for a man who admits: "I like eccentric clothes, and I've always worn fairly odd things." So at weekends, a sartorial butterfly emerges from this professional chrysalis.

At the centre of Naylor-Leyland's off-duty wardrobe are more than 50 waistcoats, collected over the years.

"I've got velvet, beaded, striped,

Regency double-breasted

waistcoats," he says, "from Tom Gilbey's

Gallery. The good thing

is that, along with a splash of colour, waistcoats give you a couple of

cool pockets."

The man in his wardrobe is well-known for his waistcoats.

A purple cashmere jacket is from Jasper Conran, another, in

Prince of Wales check, from

Stephen King. Naylor-Leyland

likes the extravagant creations of

Paul Crolla, and enjoys the "wonderful waistcoats and jackets" of

John Smedley. All the designers are bold, with clothes; when it comes to jeans, his favourites are bright red, from Replay.

He also wears polo-neck shirts,

in red, black, white or purple, and

formal and casual, they can also look "fairly formal" under a jacket.

"I never wear it in my

time except under duress," he explains. "I was probably born in a previous life. And when he does not wear them for work, even the suits can be like mine like from Katherine Hamnett, which has baggy trousers and a jacket which is almost

coat."

Right down to his shoes, Naylor-Leyland exhibits a colourful individuality, at odds with his professional appearance. His favourite footwear is a pair of Cuban-heeled cowboy boots, bought when he spent a year in Brazil. "They were practically a uniform out there, and they're just incredibly comfortable once you've worn them in."

In the UK he seeks out classic Frye cowboy boots, and recommends a pleasant shop with an unpleasant name - R Soles, in London's King's Road. He has also indulged in "several pairs" of woven Turkish slippers by interior designer Nicky Haslam. And he still wears the light slip-ons in purple suede which Johnny Moke, a King's Road shoemaker, made for his wedding. Only his socks, it seems, remain in the traditional male palette of black or blue. Socks, he says, are unimportant.

Francis Hazel, 49, is a property manager who runs a pension fund bank in the City. His style is exactly what one might expect, a traditional striped shirt and suit. Hazel says, it is "not so much a uniform as the right thing to wear in respect of one's clients as much as myself". But in dressing for the weekend, he completely rejects the equivalent in British casual dress.

"A lot of my friends have a check, woolly and cavalry twill point-to-point look, and I totally reject that look," he says. "It's the criminals and country solicitors."

His off-duty clothes tend to be American and selected on the basis of practicality.

"As soon as you become a parent, you change your wardrobe," explains Hazel, father of boys of 14 and 10 weeks. "Basically, my weekend style, which I would describe as halfway between preppy and grunge, is based on the idea that it's a new look to go on to."

Like many men, Hazel buys everything from The Gap. "It's a one-stop shop, well-priced and the colours are wonderful," he says. "I can find everything in that spectrum of denim blue, navy blue,



Francis Hazel with his elder son; he tends to select American clothes on the basis of practicality



Neil Duckworth: resorts to the sporty style at weekends

the sporty style which, he feels, reflects his true character.

"I play a lot of tennis," he says, "and I'm always getting changed in and out of sports gear, so I want weekend clothes which are hassle-free."

A lot come from Henry Cotton, a label which has the combination of looks of outdoor styling, ease and comfort, and good quality construction. They also, he says, have no ostentatious or overt labelling.

"I don't like myself label-oriented," he explains, "but labels do help when it comes to shopping. And I like brands which, like my own, have an authenticity to them."

Duckworth is invariably choiced clothes in greens and blues, the colours at the centre of the Henry Cotton "country coast" palette. But he livens his outfit with a dash of colour, like a red T-shirt, or a shirt from Sam Browns in Fulham, "a little more trendy" than most of his clothes.

Naturally, he switches his watch at weekends, from the stylish steel and gold Tag Heuer chronometer he wears during the week to a more robust Series 3000 model, with a brown leather strap "which looks more casual and trendy. A watch is part of a wardrobe, and should be businesslike or sporty to match the rest of your dress."

Weekend trousers tend to be jeans, from Emporio Armani, "because smart jeans like those will go with anything, from a trendy top, to a smart shirt and blazer for lunch." And with the same kind of versatility, footwear is Timberland boat shoes, in brown or blue.

For smarter weekend occasions,

he has two jackets from Gieves & Hawkes, one a classic blue blazer, the other, "a bit more of a blaze of colour", a sports jacket in a

blend of yellow and green. In

both cases, he prefers the classic style of Gieves & Hawkes. "My physique just seems to suit a more traditional cut," he says. "Or perhaps it's my age..." And beneath,

he wears button-down shirts from Ralph Lauren, "not cheap, really very nice material".

It's not a huge range of clothes - but, he says, that is deliberate. "I don't want an extensive wardrobe," he says. "It's the weekend. I don't want to have to think too much."

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Simple and so chic

Lucia van der Post finds hats to turn the classiest heads



A hat in almond, ideal with a silk organza wrap

I first became aware of Patricia Underwood's hats in the summer of 1993. I remember I saw one of her soft, floppy, "wilting-rose" hats so badly I almost took out a bank loan. That tells you how Patricia Underwood's hats. Firstly, that they are dangerously desirable and secondly that they are

she has, more than any other hat designer, developed a personal style that is instantly recognisable. The style revolves around the finest, softest, crimped or crimped which is turned into shapes and lines of the utmost simplicity. She is to Armani what the unstructured jacket. But all that artless-looking simplicity requires a certain art to hat-making.

There is no hint of excess decoration on Underwood's hats. Understated, simple, effortlessly classy, they never louder than their wearer. Nobody... (well, perhaps that's a bit sweeping, I've just remembered Dolly Parton)... nobody, could look vulgar in a Patricia Underwood hat. I that

they sound puritanically austere, let me assure you that they are among the most flattering hats.

Flattery is, in my view, a hat's most important function. The magic lies in the most subtle, most refined sense of line and proportion. Patricia Underwood's unadorned, hand-made, hand-finished hats rely on shape, colour and proportion, not fancy trims and flowers, for their effect. Each skull goes into finding the line and the shape that give the face its most beguiling frame.

Her personal style is founded on simplicity - on the day I interviewed her she was wearing a navy-blue Jil Sander suit, navy-blue silk shirt, almost no make-up and one of her own fine black straw hats.

She evolved an approach to headwear as part of a woman's look and personal style rather than a distracting ornament. Her hats have a modern cerebral quality about them. They are hats to please the most up-to-date and intelligent women.

She believes that "Hats create amazing possibilities. One



Classic Pagina straw

design of a hat, I consider what that message might be."

Just listen to Michael Malone, an author, writing about the hats of his youth: "In the 1960s, to my delight, there was a real romance and power in hats. The brown hat of Indians and dandies, and just the boy's hat and danger and mystery... ago, I've long loved my Yankees cap, and the cowboy hat with the red trim. But I remember how they made me feel. Like the movies, they had that magic to tell us who we are."

Patricia Underwood is full of wise advice on how to choose a hat. "Our grandmothers never needed advice on how to wear a hat. It was part of their daily lives which they understood instinctively."

Today there is a new young generation which does not have the same love of church-going or visiting grandmothers and they are discovering, and, in some cases, rediscovering, themselves in hats. The trick is to find the pleasing relationship between the width of the cheekbone and the top of the hat - this is a matter of visual judgment.

"A hat is part of a woman's style and it must match the mood of her clothing - for this a full-length mirror is necessary.

"When choosing a hat to go

with a printed fabric there are nearly always bright colours and there is one of those bright fabric will be enhanced."

Underwood adds: "Few are perfectly symmetrical. When putting on a hat, never wear it absolutely straight - subtle, but I really mean subtle, the little tilt will integrate it with the face."

Although her hats are simple, they do change and evolve. Some of her newest designs are photographed here.

For this summer there are baby boomer shapes in finest crimped. There is a subtle but simple almost 1920s-style cloche. There are finely stitched berets and some of the new combination knit straw and crimped - some knitted crowns, others knitted brims. Prices range from £120 to £350.

Browns of west London stock

offering 50 readers a chance to share high tea and hat-talk with Patricia on Tuesday May 17, from 6.30pm to 8.30pm. She will be discussing hats for the high summer season with Ascot particularly in mind. Tickets will go to the first 50 readers who send a cheque for £20 made out to The Teenage Trust (a charity that helps teenagers with cancer, registration number 1009984) to Janet Fischgrund of Browns Press Office, Browns, 23-27 South Molton Street, London W1.

Anyone wanting to know even more about hats might like to obtain *The Hat Book*, designed by Rodney Smith and Leslie Smolan (232, published only in the US) by Nan A. Talese, Doubleday, Carbone Smolan editions.

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These are to eat at

FOOD AND DRINK

The excitement lives on in Soho

Behind me, in the small, quiet, tended square, the plane trees swayed and the beds were full of newly-planted flowers. To the left stood a former private house and a garden with a mulberry tree under which Dickens wrote *A Tale of Two Cities*. Ahead lay three small streets teeming with restaurants.

The scene was reminiscent of an old quarter of Brussels, Paris or Strasbourg perhaps. But I was in Soho Square, central London - an area more usually well-known for its pawn shops - and the restaurants of Greek, Frith and Dean Streets beckoned.

When I bought the lease on my Soho restaurant L'Escargot in 1980 - I could not afford the freehold (£150,000 for 5,500 ft) - there were two reactions. First, I was told that no one would come because it was difficult to park and, second, if I survived I would make no money as I would have to pay too much protection money to racketeers. I never met a racketeer and within a few years it became difficult to park all over central London.

Since Soho has been down, up, down and is now on the up again. Such fluctuations are dangerous because they can produce the large rent rises - as one chef pointed out rents never go down - that closed many businesses in the late 1980s.

For the restaurateur, Soho is a good trading location. There is considerable lunch business, albeit much more price sensitive than it was in the 1980s, and in the evening the potential for three types of dinner bookings - pre and post-theatre and those who just want to

dine out in a lively area. Agencies for chefs and kitchen supply shops are there, too. And it is also a popular area if you just want a drink.

But Soho has changed. I have never seen the streets and pavements so clean. According to Alastair Little, who has run his own restaurant in Frith Street for nine years, Westminster Council provides three rubbish collections a day. (This is not altogether good news for a restaurant critic because the number

Nicholas Lander finds adventure in central London with a past

of rubbish sacks waiting for collection used to provide a reliable sign of just how busy a restaurant was.) There are still beggars and drunks on the streets but no more than in any other major European city.

Soho is no longer the gastronomic island within London it used to be - the sole source of Mediterranean ingredients, raw and prepared, to which Elizabeth David, Jane Grigson and their readers hurried in the 1950s and 1960s. Hamburger Products and Biffalo's, the Italian butchers, have long gone and, according to fishmonger David Richards on Brewer Street, the wet fish business is not as good as it was. Yet Camissa and the Algerian Coffee Stores prosper on Old Compton Street and on Brewer Street, Randall and Aubin has been renovated and has broadened its stock.

But now that fresh pasta, anchovies and peppers are

available in delicatessens and supermarkets across the country there is a desire for many people to make the trip into Soho. In other London boroughs and other parts of the country the standards of cooking have improved and chefs who learn their craft in Soho now make their names elsewhere in the capital: Adam Dabir at the Brackenbury, Bush (081-749-0107), and Martin Lam, at Finsbury Dock, (081-222-1611).

But Soho still impresses in the diversity of its restaurants - the breadth of its appeal.

For those who remember it from their youth there is the Gay Hussar (071-437-0973) with Elena Salvoni serving on the floor as she did at Blanck's in the 1950s, the redesigned *Le Bistro des Gourmets* (071-437-1816) and *L'Epicure* (071-437-1811) virtually unchanged from the 1960s when it was prime minister Harold Wilson's favourite restaurant.

For those still in their youth Old Compton Street beckons.

The number of coffee houses and bars that this street seems capable of supporting is astonishing - *Cafe Boheme*, *Cafe Nero*, *Cafe Beta*, the *Soho Brasserie*, *Bar Sol Una*, *Balhans* and *Village Soho* as well as the long running *Bar Italia* in Frith Street. For those who can think, drink and listen to loud music, The French House (071-437-3477), Dean Street, is a valuable addition.

Today, however, there is a new dimension to the gastronomic excitement long associated with Soho. Within 300 yards, along Frith Street, Alastair Little (071-734-5183), Anthony Worral-Thompson (Deli' Ugo 071-734-500) and

Bruno Loubet (Bistro Bruno 071-734-4545) sharpen their knives. Further down are two good Thai restaurants, *Bahn Thai* (071-437-3304) and *Chiang Mai* (071-437-7444). For these chefs Soho's culinary attraction lies in its proximity to Chinatown. Little had just popped in to buy some large red chillies which he would grill for a chilli salad. Loubet goes there regularly to buy pigs' ears and tails, black beans, ducks' tongues, Chinese chives and spices.

Soho in the 1990s still provides food for the mind in a location with a frisson of excitement.



Café society, Soho: a great trading location for restaurants

Appetisers/Jancis Robinson

Decent fizz for a tenner

The rules for making sparkling wines vary from region to region but, typically, stipulate a minimum time for ageing the wine on the lees. Those for champagne now insist on at least 15 months, but research shows that it takes at least 18 months for this process to have any perceptible impact on flavour by rounding out acidity and adding complexity.

It is almost impossible for the consumer to establish how long a bottle of non-vintage fizz has been aged on lees, but Laytons of London NW1 (071-388-5081) has managed to track down an unusually respectable champagne for £15 which, it claims, has benefited from four years in bottle.

Laytons Champagne Brut NV, available from Laytons and Andre Simon shops in London, certainly tastes mellow for reasons of age rather than added sugar. This is more than can be said for most champagne under a tenner.

which will last in an opened bottle for months and months.

□ □ □

London wine lovers have three important consumer wine fairs to choose from on Saturday, May 14. The organisers are taking advantage of the annual influx of wine producers to the London Wine Trade Fair the following week. Wine merchant La Vigneronne's Alsace Wine Fair takes place



between 11am and 5pm in the Sherfield Building of Imperial College, off Exhibition Road, London SW7. An entrance ticket costing £15 (from 071-589-5113) allows tasters 15 tastes and further tasting coupons are on sale.

The Great Australian Wine Tasting is from 11am until 5pm in the Old Horticultural Hall in Greycoat Street, London SW1. The £12 cost of tickets (from 071-925-0751) can be redeemed on orders of £75 or more taken at the fair and there are no restrictions on gross intake. At the end of the LWTW week, some winemakers will be staying on for the Oddbins Wine Fair at the Park Lane Hotel on May 13, 14 and 15. Charity tickets are £10 from any Oddbins branch.

Meanwhile, in my swoon over vintage madeira this year, I forgot to mention that Bottoms Up - most unusually for a high street retailer - takes this exciting style of wine seriously.

The chain's exceptionally attractive list boasts no fewer than five examples, including the first-class Blandy's Bual.

Probably best value is Rutherford & Miles' Malvasia solera 1963 at £30. The unit price might seem high, but these are powerful wines

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between 11am and 5pm in the Sherfield Building of Imperial College, off Exhibition Road, London SW7. An entrance ticket costing £15 (from 071-589-5113) allows tasters 15 tastes and further tasting coupons are on sale.

The Great Australian Wine Tasting is from 11am until 5pm in the Old Horticultural Hall in Greycoat Street, London SW1. The £12 cost of tickets (from 071-925-0751) can be redeemed on orders of £75 or more taken at the fair and there are no restrictions on gross intake. At the end of the LWTW week, some winemakers will be staying on for the Oddbins Wine Fair at the Park Lane Hotel on May 13, 14 and 15. Charity tickets are £10 from any Oddbins branch.

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TRAVEL

We could tell they had not seen many foreigners by the way the babies pukered their faces and howled when they glimpsed our white and somewhat hairy features.

Children whimpered and hid behind their mothers. Young women giggled and screamed, and, with an innocence inconceivable elsewhere in south-east Asia, dragged the white men off to be photographed alongside them and their friends. They made us bend our legs so as not to appear absurdly tall in the pictures.

Kachin State, in the mountainous far north of Burma, has been closed to foreigners for 32 years by the military junta because of the war between the central government and the guerrillas of the Kachin Independence Army.

Now the fighting has stopped and the two sides have signed a ceasefire. The junta decided to allow a group of journalists to fly to Myitkyina, the state capital, and visit

A rare foray into Burma's far north

Victor Mallet visited Kachin State, an area previously closed to foreigners by the military junta

the remote surrounding area sandwiched between China and India in the upper reaches of the Irrawaddy river. It seems we were lucky. Myitkyina – pronounced *Mee-Che-Na* – is now said to be off limits again.

We were lucky, too, to catch the end of the *manau* festival, an animist harvest ceremony of dancing which brings together thousands of merrymakers from the six branches of the Kachin race. It was banned until last year as a dangerous opportunity for the Kachin nationalism.

Under a *manau* much like a large maypole, in the sound of an amplified *lounging* and the boom of a great drum hanging from a bamboo frame, the Kachin danced the *conga-style sut-manau* to ensure

prosperity. Leading the dance were men wearing swords, Chinese robes of red and gold, and their made of hornbill heads.

The festival included a beauty contest, a Burmese pop concert, a fun-fair for children and much drinking of rice wine. It was mainly at the sports-ground, where the fair was held, that we were seized by young women as props for Kachin snapshots.

The elders, on the other hand, know all about foreigners, having fought the British and Americans against the Japanese during the second world war.

Christian missionaries from the *manau* loom large in the history of the Kachin. They were *orthodox*, mountain people,

not civilised," said Nan, an enthusiastic minister at the Kachin Baptist Church in Myitkyina. "We worshipped mountains and rivers and spirits. But by the grace of God came from Sweden and Germany."

Asked about the festival, he described with gusto the various kinds of *manau*. But, as Christian, he seemed to accept they were animist rituals designed to appease the spirits.

Christianity is the only purveyor of foreign influence in Kachin. *Madonna* – the pop star, not the mother of Jesus – is portrayed naked but for her jewels in a colour poster adorning *Popa Hmaw* restaurant near the railway

courageous," the official told us. "He said: 'You must not help them talk to anyone', and *shut* the phone down." This was when it was the government which had arranged the trip in the first place.

The generals do have some friends, even foreign friends. As we were in Rangoon on our flight to Kachin State, we were joined by a wild-eyed American in the departure lounge. He looked like the kind of person one tries to avoid in California fast-food outlets as they will suddenly produce a lethal

He was wearing a *longyi*, the traditional Burmese sarong, and he was on us – as representatives of the western media – as the *unfair treatment meted*

to Burma's military rulers in the international press. I could almost have sympathised, but at that moment a resident of Myitkyina to whom we had been chatting idly about life in Kachin State was hauled off for 30 minutes of interrogation for having "spoken to tourists".

In the countryside north of Myitkyina, such unpleasantness was all but forgotten. This is famed for its jade mines, where much of the forest is still uncut, and where villagers still talk of catching the remaining tigers and carrying them over the hills to sell to Chinese medicine-makers.

The confluence of two rivers – one called the "Useful", because it is navigable, the other the "Useless" – which join to form the Irrawaddy, is a popular site for gold panners. A picnic spot for tourists. The ceasefire made it accessible. Foreigners, however, are rarely seen. We heard giggles and it was time to take more photographs.

Survival is a dogfight for the wild bunch

Wild dogs in Africa may become rarer than the rhino. Michael J Woods tracked them down

There was a dull *pop*, like the sound of a tennis ball bouncing lightly, as the compressed air-gun expelled its tranquilliser. The African wild dog sprang to its feet as if it had been stung. With a yelp it dashed on, a red woolen tassel dangling from the syringes in its shoulder.

"It won't go far," said Dr Gus Mills, and we sat in his truck for the 10 minutes needed for the drug to work. It took a little time to find the sleeping dog in the thick bush, as the black, white and tan-blotched coat blended remarkably well with the broken shadows cast on the grey dusty soil.

Once located, though, a radio collar was swiftly fitted, a sample of blood taken and the antidote injected. In less than a minute the dog was on its feet and had gone to join the rest of the Myamati pack, which now had two dogs carrying radio transmitters.

Gus Mills is a scientist who works in Kruger national park, a long rectangular area about the size of Wales on the eastern boundary of South Africa. He has been researching African wild dogs, also known as Cape hunting dogs, for some years. His subjects range with noticeably large rounded ears, three-coloured coats and a height of a little over 2ft.

They are efficient hunters, running as a pack and killing at dawn and dusk if they can, and lying up in shade during the heat of the day. Only for the short breeding period are they tied to a den; for the rest of the year they are nomadic and appear to need a territory to survive.

There are only about 360 wild dogs in Kruger; the lion and hyena populations both top 2,000 for the same area. All is not well with wild dogs. They have become very scarce in Africa – rarer, some say, than the rhino, which makes them Africa's most threatened large carnivore.

Historically, their undeservedly bad reputation has led to persecution by humans. Until 20 years ago they were hunted in national parks. There are still farmers who will not tolerate dogs and consider them vermin, so that packs straying from conservation areas are at risk.

Only big stretches of protected wilderness will suffice to provide wild dogs with enough space to survive. The national parks in the north of Botswana and Zimbabwe and in the south of Tanzania fulfil these requirements, and contain reasonable numbers of dogs. But these very extensive areas are largely unpenetrated by roads and, for the discerning visitor, for whom a glimpse of a dog is more exciting than any of the big five (lion, leopard, elephant, rhino, buffalo), spotting one is extremely difficult.

Things seem to be slightly easier in Kruger. Finding a dog by radio is the only way that researchers such as Gus Mills can ensure that packs are monitored on a regular basis, and dogs are often seen by visitors to the park. In fact, Gus was able to use tourist sightings of wild dogs to obtain a measure of the number of animals in the park.

By offering a free film for

every usable *pop* of a dog, he soon had pictures of almost every animal. The dog population in Kruger is one of the densest so far recorded in Africa, and the extensive network of roads is frequently used by packs on the move.

Morning and evening are the best times to look for dogs," Gus told me. "That is when they hunt for rest in the heat of the day and then their low-profile and disruptive coloration make them almost impossible to spot."

Kruger has much to offer in addition to wild dogs. I came across lions and elephants in abundance along with rhino and giraffes. Many of the smaller animals, so often missed elsewhere, are visible here. I found a dwarf mongoose den by the roadside and was able to watch the lightning activities of its delightful inhabitants as they foraged through the undergrowth and then rocketed across open areas for fear of raptors.

On two occasions I had to wait for leopard tortoises to cross the track and once swerved to avoid a chameleon.

Bright green against the khaki sand, rocking its way so very slowly over the ruts.

But it was wild dogs I wanted to see, and the more I encountered, the more mysterious I became. Packs, for instance, fluctuate markedly in size, and Kruger's Skukuza pack, which numbered 40 dogs in 1988, now consists of just three males.

Dogs disappear in large numbers for no apparent reason, and bodies are rarely found. This was the reason for putting a collar on a second animal of the Myamati pack, as an insurance against the death or disappearance of the dog already collared.

In Kruger, a wild dog's expectation of life is unusually short – rarely beyond four years (a hyena's is about 15). Gus has heard several stories of dogs killing both adults and pups, and would like to investigate more fully the role lions play in the lives of dogs.

Fortunately, international awareness is growing. The Kruger wild dog study is funded by the National Parks Board and the independent Stuart Bromfield Wild Dog Fund of the Endangered Wildlife Trust. This trust also finances other wild dog projects in South Africa, along with the newly-established Limpopo Fund in Italy.

Meanwhile, the International Union for the Conservation of Nature has published an action plan for African wild dogs, so there is considerable hope for the future.

I spent a week in Kruger, and it wasn't until my last day that I found dogs for myself. The sun was sinking and, briefly, painting the bush a golden green. The insects were tuning up for their evening chorus and the cacophony of guinea fowl was at its loudest. There was a sudden snort from an impala ram in the undergrowth beside the vehicle and he quickly made himself scarce.

Then I was aware that, coming towards me along the road ahead, were a dozen lean dark silhouettes with familiar big round ears. The long legs carrying those lithe bodies



Collaring a wild dog in South Africa's Kruger national park

Michael J Woods

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PROPERTY

The bulldozers ripping up the turf in the sprawling Cotswold village of Quenington, Gloucestershire, have a loophole in planning rules.

Quenington, in the beautiful valley of the river Coln, is made up of isolated farmsteads with fields between. In 1979, the Cotswold district council gave permission for bungalows to be built in a field on the edge of the village, as well as conversion of a barn already there into studios.

Soon afterwards, most of the village was declared a Conservation Area (CA) so the council could keep tighter control on development. The land in the land on three but was not itself included.

Work began on the barn – and stopped. Years passed. The villagers continued to enjoy the field, assuming that the planning

Cadogan's Place/Gerald Cadogan

Planning permission that never lapses

permission had lapsed.

Not so. It lapses if nothing has been done within five years. But, if work has started, the permission remains valid indefinitely.

Attitudes have changed, though.

The council probably would not approve such a scheme in 1994 and might regret not having drawn a larger CA. Now, more than 200 of the village's 400 inhabitants have signed a petition against the project (with only nine in favour). But nothing can be done.

What has happened in Quenington is a lesson to buyers, solicitors and local councillors. Meanwhile,

opponents of the scheme believe the government should amend the law so that permission is revoked automatically for developments that are not finished in a specified time.

When the big house in the village is up for sale, worry stalks the pub. Where will the fees be held? Who will chair the parish council? Or give money to the church? Will the new owner employ as many staff? That is the buzz in Kingsley, on the border of Buckinghamshire and Oxfordshire near Thame, where the

17th century Tythrop Park – listed grade I, with 1,034 acres – is for sale from Savills (071-999 8644) for more than £4.5m.

Tythrop Park was built by James Herbert, one of the Herbert/Pembroke family that owns Wilton in Wiltshire. Indeed, the carved elm staircase, which is the glory of the main house, could have come from Wilton.

Among the motifs of the house, a Boscombe oak alludes to Charles II, a visitor there. Around the staircase are classical busts, life-size reliefs of Juno and Minerva, portraits of James and Jane Herbert,

and a statue of Venus.

The present owners bought the house (almost derelict) with 10 acres 30 years ago – the asking price was £16,500 – and have restored it with love and flair. It remains to be seen if the new owner is as sympathetic to the village as well as house.

If you do not set too high a guide price in sale, you could get a pleasant surprise. Joint auctioneers Allsop and Savills suggested £425,000 to £475,000 for Hinwick House, a lovely Queen Anne prop-

erty in Bedfordshire (described in this column on March 19/20). The hammer came down at £250,000 to an overseas buyer.

In the same vein, the £275,000 price from Savills (071-730 0832) for the 1650 Zoffany House, which fronts on to the river Thames at Strand-on-the-Green in west London – a splendid house in one of the capital's handsomest areas – is £20,000 less than it was two years ago with the same agent.

The house has a blue plaque recording that John Zoffany, a

painter, lived there. His studio, now a bedroom, faces north over the garden.

Down-river in London's Docklands, the house of film director David Lean, who died in 1991, has just come to market (also Savills). He turned four Victorian warehouses at Sun Wharf, Narrow Street E14, into a dramatic home with a large garden so close to the river that you could fall in.

He kept the brick inside so that you do not forget how the house began. It is rich in terraces, unusual views of the water and the barges, and has cunning lighting. Mod cons include a cinema – and a turntable in the garage so that you need not back into the street. At £2m, it is ideal for somebody in showbiz – or a big bonus-winner in the City or nearby Canary Wharf.

Pietro Bertolli, Abbey's manager in Milan, says: "The term of the mortgage, which covers a maximum of 85 per cent of the value certified by our surveyor, is usually 10 years but it can be lengthened to 15 or 20 years. The variable interest rate is presently 10.8 per cent. We have no problems in lending to non-residents."

Woolwich is equally at ease with non-Italians and non-residents. Like Abbey, it grants mortgages to British residents in the UK for buying property in Italy. "Woolwich lends up to 75 per cent of the property's value. The term is up to 20 years and the variable interest rate is presently 10.6 per cent," says Note.

Procedures for buying are straightforward. When agreement is reached, the buyer usually deposits 10 per cent of the price. Then the sale contract is signed before a notary. The declared price is often lower than the price paid, though.

Financial factors may, however, reduce some of the appeal of purchasing a Rome pied-à-terre. There is a tax of 4 per cent on the declared value of first homes. A registration tax of 3 per cent adds to mortgage costs, and the notary's fees may be substantial while the annual local property tax amounts to about 0.5 per cent of declared value in Rome, in addition to which there is an annual city charge for rubbish collection. And, as the Eternal City's governors tackle the temporal task of balancing the books, higher property taxes seem likely.

"Provided the paperwork is in order, the Woolwich can approve a mortgage in three days," says Massimo Note, its managing director in Italy. "A similar achievement was achieved by Abbey National. In contrast, Italian banks rarely take less than four weeks."

Easter: just the time to see Rome and buy

David Lane investigates the Eternal City's housing market

En the Eternal City there is a mix of quality. It is a place for pilgrims, drawn to the churches and for art history lovers, attracted by the galleries, and for imperial

There could, however, be another type of visitor this year: the prospective property buyer.

Prices have fallen steeply during the past two years, dropping by between 20 and 30 per cent in the historic centre. The turning point in the property market has been reached, although some estate agents expect improvements in the autumn. Others forecast the beginning of next year, while the real pessimists say prices will not start to pick up until 1996. "There is little money around. The market is still falling and there are good opportunities for finding bargains," says Grett Walcher Miraglia, of Agorà Internazionale Immobiliare.

She says prices in the historic (approximately), the area between the Piazza Venezia, the river Tiber, Piazza del Popolo, Barberini, Santa Maria in Trastevere and the Colosseum have been affected much more than the fringe

areas. The centre and the suburbs, says Grett, have fallen by 10 per cent in the past two years.

Despite this, many foreign residents find the centre still costs too much. It also falls short on convenience for those who work in the satellite EUR suburb. But the garage estate of Casal Palocco, near Fiumicino airport, has a large expatriate population of businessmen and employees with the United Food and Agricultural Organisation.

Another popular district is the Via Cassia, the ring road to the north: well known for English schools and the Olgiate, of course, favoured by foreigners, including diplomats in the梵蒂冈 area. Separated from the centre by Villa Borghese park, it has property prices of £1,200 a square metre (convert at roughly £1.20 a pound). In the expansive historic centre (£800-£1,200 sq m) and those in EUR-Laurentina-Torriani districts (£800-£1,200 sq m).

Casal Palocco, EUR, the Cassia and Parolli have their supporters. But wealthy without the working classes, and with the time to enjoy Falter's many attractions, an unar-

med ideal for a pied-à-terre, as apartments of such size can offer a reception room, two bedrooms and two bathrooms and may be managed.

Two small terraces are an additional attraction in this apartment of about 100 sq m. The building has only four apartments and there is no portage. But this will keep dominant charges low," says Walcher Miraglia.

Andrea Andreoli, property division of Gobetti (Italy's largest estate agency) also has an outstanding apartment on its



Rome from the Palatine ... property prices in Italy's capital have fallen steeply in the past two years

books. This takes up the third floor of an 18th century building near the Piazza dei Parlamenti. It is 80 sq m, has been restructured and boasts superb ceilings. The apartment has a triple-size reception room, five bedrooms, three bathrooms and servants' quarters. Price £4,700.

Most apartments in the historic centre are either smaller, (around 70 sq m) or much larger (more than 200 sq m). The demand-supply ratio buyers get more square metres for their lire in larger properties. Immobiliare has a 400 sq m apartment, with a triple-size reception room, two bedrooms, bathroom and kitchen, and small terrace, all in good order. There is no lift, though.

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For buyers seeking only a pied-à-terre, rather than part of a palace, Sant'Andrea offers a third floor apartment of 100 sq m in a 17th century building in Via Giulia. "It is hard to imagine anywhere more typical of old Rome," says Miraglia.

"It has a reception room, two bedrooms, a kitchen and a bathroom. There is no lift but there are marvellous views of the Tiber and church cupolas." Price £800m.

Finding the right property should

not be difficult in present conditions. Neither is obtaining mortgage finance locally. All the large Italian mortgage lending operations, although bureaucratic procedures are tiresome and time-consuming.

English-speaking purchasers may find it easier to deal with one of the two large UK specialist real estate building societies and Abbey National – that operate in Italy. Certainly, they would be served more quickly.

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"A similar achievement was achieved by Abbey National. In contrast, Italian banks rarely take less than four weeks."

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BOOKS

Brittan stakes a claim on glory

Conservatives may not be too happy with this European manifesto, writes Malcolm Rutherford

It may seem a rum idea, especially after the events of the past couple of weeks, that the European Union should choose a Brit as the next president of the European Commission. Yet Sir Leon Brittan, the former cabinet minister and a long-standing vice-president of the Commission, is strongly in the running for the post. This book is his manifesto.

Not all members of the British Conservative Party will like it. Sir Leon is in favour of moving towards European monetary union as soon as possible. He believes that it will be hard to maintain the European single market without a single European currency. He defends the objectives of the common agricultural policy. And not only does he accept the Treaty of Maastricht pretty well *en bloc*; he thinks it should be built on.

Whereas UK Prime Minister John Major once said that Britain should be at the heart of Europe, Sir Leon comes close to arguing that an enlarged European Union is Europe. He does not say, but clearly implies, that its development will continue with or without the full

participation of the British.

A natural Tory reaction to the book might be that Sir Leon has "gone native", though in truth he was pretty native to start with. None of that, however, should prevent the British government from fully supporting his candidacy. It must be better for Britain to have someone they know and understand in a place that matters.

Anyway, it is not primarily Westminster and Whitehall at which the book is aimed. The main target is Paris and some of the smaller European capitals. For there can be no question of the next president of the commission being a Frenchman since the outgoing president is Jacques Delors. Even the French would not expect to hold the post twice in a row.

The Germans have seldom been seriously interested in putting up a

candidate of their own, and the French have retreated into their internal affairs.

So if the presidency is to go to a big country, Britain is in with a chance despite the fact that there was a British president - the now Lord Jenkins of Hillhead - from 1977-81. With French support and the sympathy of the smaller countries, Sir Leon could be there.

On the evidence of *The Europe We Need* he would be the right man for the job. The "we" in the title is left ambiguous. It could refer to Britain or to the Union as a whole. Sir Leon does not discriminate. As a lawyer by training, he realises the size of the task, which is no less than to continue to develop the constitution of an expanding United States of Europe.

Those words are mine, not his, and the choice of small letters for

United States is deliberate. Yet that is exactly what the book is about. Sir Leon goes through the whole range of policies. He wants free trade, deregulation and vastly reduced state subsidies, all of which we know.

THE EUROPE WE NEED
by Sir Leon Brittan
Hamish Hamilton, £17.99,
248 pages

On a European defence policy, he prefers to go slowly and only on the basis of consensus - a line that should appeal to the French as well as the British. He would not over-hurry the entry of eastern European countries, but would help them on the way.

The core of the book, however, concerns his views of the Union's

institutions, in particular the Commission and the European Parliament. To outsiders, the Commission frequently appears an interfering bugbear. The normal inside view is that it is simply the Union's civil service, proposing policies to the Council of Ministers but not taking ultimate decisions, and not much bigger than some of the London borough councils.

Sir Leon has a different emphasis. He writes that the Commission was "conceived as more than a secretariat, but definitely less than a government". Under the Delors presidency, he argues that it "reclaimed its status as a political body". He would like to move on from there and streamline the Commission's activities.

Especially after the next enlargement, the Commission would take more of the form of a national government. There would be a greater hierarchy and an end to the horizontal structure where, in theory, all commissioners are equal. Instead there would be seniors and juniors. The big countries would always have a senior post; junior posts would rotate between all member states.

Any potential loss of democratic control would be balanced by greater powers for the European Parliament and a new committee of parliament, made up of members of national parliaments and designed to oversee the work of the Commission and the Council of Ministers.

There are many more proposals: for instance, for a three-tier voting system that would preserve the principle of unanimity on important questions. Yet it is on the parliamentary side that Sir Leon seems

least sure of himself. A bold man would propose either to abolish the Parliament altogether, allowing scrutiny to lie with national parliaments, or to give it more direct power.

This is at the heart of the British dilemma, particularly in the Tory Party. Westminster is jealous of the powers of the European Parliament. The MEPs have little access to Westminster, hence there is no co-ordination.

One answer might be to restore the dual mandate, allowing British politicians to sit in both places. Until the dilemma is resolved, the British Parliament is likely to remain hostile to Brussels and Strasbourg.

Sir Leon may not have all the answers, but as a lawyer he reads the texts and takes them seriously.

The great British failing has been to ignore the texts - such as the Treaty of Rome - until it was too late to change them.

This book should be read as a draft text on the future of the Union, for Sir Leon is in the mainstream of Europe.



Jean Simmons as Ophelia in Laurence Olivier's Hamlet, one of the films discussed in *Walking Shadows: Shakespeare in the National Film and Television Archive*, edited by Luke McKernan and Oliver Tress (BFI Publishing £13.95, 260 pages). The publication coincides with a Shakespeare On Screen season at the National Film Theatre on London's South Bank from April 22

Wait for the film

Job losses and employment pressures are hardly new, even if they are causing pre-millennial stress in most of today's developed countries. They date, no doubt, from the earliest days of civilisation.

Even in Japan, pressure to cut industrial costs by booting out more and more workers than were building up steam more than a century ago.

Take tea-sitting. In 1867, a resourceful and lusty Scottish businessman, Thomas Glover, anxious to boost the profits of his three Nagasaki tea plants, hit upon a way of using steam-driven machinery to sit tea.

The British consul's Report on Trade in Nagasaki for 1867 observed that the machinery was doing remarkably well, but that "a better constructed and finished machine is now on the way out from England... It is a great saving in manual labour, which is a great consideration in an establishment where 1,600 hands are generally employed during the tea-firing season."

This machine - invented and constructed on the spot - was

young man, first for Shanghai, then for Japan. He became an entrepreneur, anti-shipbuilder, gun-runner, anti-Shogun rebel and adviser to Mitsubishi. He was a friend of Japan's first prime minister and was decorated by the emperor in 1906.

He was also a man of the flesh, fathering at least four children by Japanese beauties. There is a bridge leading into Nagasaki's red light district of Maruyama which the Japanese call the *Shim Busi*, or妓街 (Gaki-ya).

SCOTTISH SAMURAI:
THOMAS BLAKE
GLOVER 1838-1911
by Alexander McKay
Canongate Press £25, 162 pages

tion Bridge. Further in there is a second bridge, *Omofuku Busi*, or Made-Up-Your-Mind Bridge, for the tunescently-committed. Glover, it seems, was not one to have been deterred by *Shim Busi*.

This is a great story: the sort that Bernardo Bertolucci would pay good money for.

The book, however, is unengagingly written and gaudily over-priced. It seems to have been partly sponsored by Aberdeen city council. Nothing wrong with that, especially, except that \$25 for such a flatly-written tale (the author is "employed by a major oil company on an oil production platform in the North Sea", if you please) is impudent.

Skip the book and just hope that someone films it.

Michael
Thompson-Noel

Pleasure in the south

Updike writes with panache in a new setting, says Carlo Gébler

that daddy can't object now that his son-in-law is the same colour as he is, the couple retrace their steps through the varied terrain through which they had earlier fled, until at last they arrive at Copacabana, at the very spot where they met 20-odd years earlier. The narrative then draws to its melancholy conclusion.

And this being Updike, there is naturally a corresponding emotional symmetry. When the couple first meet, Isabel, in awe of her "bit of black rough" with his "swelling yums", while Tristão is gently and humbly. She wants to submit and to serve; meanwhile, he can't believe his luck. Once their colouring is reversed, she becomes aggressive, while Tristão, eschewing chivalry, wrestles her into submission and then parlakes with her (some people aren't going to like this) "of the criminal likes of rape".

Which brings this reviewer

ever becoming titillating or striking a false note. Yes, again this is a typical Updike book: there is a lot of sex in it, but it is emphatically not a work which one would describe as "sexy".

In Brazil, one finds Updike as he always is; and those who like him should like this novel, although maybe not quite as much as those books in which the old world is describing its native habitat.

The North American setting, in which the old world is

describing the new.

While Updike is always

Updike the question remains:

why South America, why Brazil?

Well, why not?

As always, Nabokov changed

from old to new world, switching languages in the process.

Graham Greene may have

been Berkhamsted born and

bred, but that didn't stop him writing about Indo-China and South America.

But those writers had an

aptitude for such an endeavour,

whereas Updike is not a

chameleon who can change his

colouring to suit his locale.

Another answer is that writers need new worlds and they are perfectly entitled to carve them out. Perhaps Updike is bored with his usual milieu and wants a change. Maybe, but I suspect that what he has behind *Brazil* is something deeper and more important.

His energy, however, is untrusting and his panache is extraordinary. Whether he's writing about Brazilian flora and fauna (his descriptions of natural history in this book are superb) or the miserable gold mining area in the Dourados, he's always engaging.

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Hampshire, and chances are the Thought Police from the Ministry of Political Correctness are going to go nuts.

"Hey," I can hear them saying after reading the passage referred to, "he supports rape in marriage."

He doesn't. But if you're one of those sexual hygiene freaks who believe the world should conform to your beliefs and can't bear it being messy, untidy and contradictory, you could easily persuade yourself that he does.

Given these factors (and the pressure on writers to conform is only one part of this picture), it should come as no surprise that Updike has moved south to give himself more room in which to operate.

Perhaps this is also a signal of a larger change that white middle-class American writers are about to make. If it is, the world will not be any the poorer for it - so long as Updike's high standards are maintained - for *Brazil* is a fine and memorable achievement.

■ **Novelist and film-maker**
Carlo Gébler's fifth novel, *The Cure*, will be published next February.

stand who I am", that feels a perfectly logical conclusion to a lifetime grappling with ironies.

How We Die is not bleak, though its subject is awful for most of us. Nuland hopes his book shows relentless death can be rendered less mysterious, and thereby far less terrifying. Of the numerous personal stories he gently, almost lovingly recalls, there is one unifying thread - apart from death itself. It is that courage to face death squarely is perhaps the greatest comfort of all. His words ought to enjoy longevity.

Gary Mead

Dying for some comfort

HOW WE DIE
by Sherwin Nuland
Chatto & Windus £15.99, 280 pages

details into a skilled literary journey towards the Styx. Here we see Alzheimer's, AIDS and all the other major killers against which we are impotent. How we work, how we suffer; how our loved ones share the agonies. Nuland has few certainties apart from the clinical, but his most significant is that the greatest futility of medical research is as of placing death in a larger, philosophical and literary context.

He has distilled the medical essentials, the esoteric Latin names and complex anatomical

standards that follow. Given that

there are useful sagacities.

"The dignity that we seek in

dying must be found in the dignity with which we have lived our lives... The honesty and grace of the years of life that are ending is the real measure of how we die."

When he says towards the end that he will not "allow a specialist to decide [for him] when to let go" because "I will not die later than I should sim-

ply for the senseless reason that a highly skilled technolog-

ical physician does not under-

stand who I am", that feels a perfectly logical conclusion to a lifetime grappling with ironies.

How We Die is not bleak, though its subject is awful for most of us. Nuland hopes his book shows relentless death can be rendered less mysterious, and thereby far less terrifying. Of the numerous personal stories he gently, almost

lovingly recalls, there is one unifying thread - apart from death itself. It is that courage to face death squarely is perhaps the greatest comfort of all. His words ought to enjoy longevity.

Gary Mead

ARTS

Radio/Nick Curtis

Riding on a wave of change

Criticised since its inception in 1990 as a station without an identity, BBC Radio 5 re-launched on Monday after undergoing major surgery.

Once was the eccentric, eclectic brew of chat, sports coverage, youth music and high-grade children's drama. In came a more integrated but thinner soup of rolling news and sport, thickened with middlebrow magazine-format items. It seems safe to say that Radio 5 has shaken off the "Radio bloke" tag afforded its remit of sport and user-friendly news. But the repeated, exclamation mark laden reminders that "you're listening to FIVE LIVE!" only underscore the sense of a station still desperately seeking an identity.

With sport, 5 Live is on solid ground: the sports news and features are impressively diverse and confidently presented. This week, there have been reports that the rights for high-profile sporting events may become prohibitively expensive for BBC Radio, as Premier League football becomes for BBC Television in the face of bidding from BSkyB.

For now, though, 5 Live sport looks safe, although it's unfortunate that the station should relaunch during the third cricket Test against the West Indies. With comprehensive coverage firmly ensconced on Radio 4, only token reports are left for 5 Live, a cruel reminder that Radio 5 was always a poor relation. It was Radio 5, remember, that was sacrificed to save Radio 4's Long Wave from becoming a rolling news network.

The revamped station, however, may have its revenge. 5 Live reportedly has first refusal on any news items or exclusives that come to its sister stations; in short, it can poach Radio 4's scoops. In the first days of the new station, though, there seemed to be precious few scoops around.

Long touted, the term rolling news proved misleading, as it does something progressive or cumulative. Rolling news gathers facts: listen to 5 Live for more than an hour and you'll hear the same reports, the same soundbites, the same chunks of actuality endlessly repeated, until you begin to doubt their validity as "news". While never becoming actually blokeish, it's during the news that 5 Live becomes distinctly matey.

The station's Controller, Jenny Abramsky, has strenuously denied that 5 Live's news coverage will be downmarket, so it might have been an aberration when the trailer for one bulletin on Wednesday promised coverage of the aftermath

Does Radio 5's revamped format give it the identity it needs?

when she promised 5 Live would be "younger, vibrant and slightly rough".

What this means in practice is that 5 Live sounds rather like a commercial radio station, without the music or advertisements. The air of pep and pace is fostered by the constant trailers for amusing items later in the day (odd things from the BBC Sound Archives, people who want to export birdwatching to Ethiopia). Of the presenters, old Radio 5 hand John Inverdale accomplishes the balancing act of making sport, news and wacky items sound equally important and enticing.

Elsewhere, the blend goes wrong. "Coming up, Prime Minister's Question Time with JOHN MAJOR" said Sybil Ruscoe in her Tuesday programme, giving the PM the kind of build-up usually reserved for the likes of Cilla Black. The subsequent report had an intrusive commentary ("John Smith there, having another go") which made it sound uncomfortably like a football match.

The same breathless excitement characterised the trailers for 5 Live's flagship programmes. Frances Edmond's anti-bloke sports programme *Women on Top*, John Diamond's newspaper review *Stop Press*, the first national gay news programme *Out This Week* and the heavy-duty weekend sports coverage are all yet to come. They will play a big part in establishing the identity of a station which at present makes for easy listening 24 hours a day. And once established, maybe they'll drop the exclamation marks.

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Portrait of Anatole Demidoff, painted by Karl Briullov. The picture, commissioned by Demidoff before he was 20, hangs in the Palazzo Pitti, Florence

Collectable playboy

The life and times of Anatole Demidoff, Prince of San Donato, now featured in an exhibition at the Wallace Collection in London, read like the stuff of novels. Demidoff was a Russian aristocrat with a vast fortune from family mines and factories in the Urals. Born in St Petersburg in 1812, he died in Paris in 1870, so ravaged by syphilis that he was cruelly called Count Decomposition.

Demidoff's was a life of scandalous amorality and yet with his insatiable appetite for pleasure he combined a streak of philanthropy unusual among Russians of his class. He, and still more his equally lustful ex-wife Princess Matilda, feature prominently in accounts of Second Empire Paris.

Elsewhere too, Demidoff has left his mark. When next in Florence, I shall look for Piazza Demidoff and the huge monument Anatole designed for his father, the first Prince of San Donato. The marble figures of *The Muse of Society and Siberia with the young god Pluto* appear, as well as the half-naked Anatole at his parents' knees. Not, I guess, is Chicken Demidoff - too heavy on canavare and cognac.

The small Wallace Collection show commemorates Demidoff the collector, with a sparkling essay by Francis Haskell. It relates how the count built up one of the century's greatest art collections in the villa his father built in Florence. The Villa San Donato, briefly renamed Villa Matilda in honour of his wife, was really a palace grander than anything of its kind in 19th-century Florence.

It is unlikely Demidoff needed the money, but perhaps from weariness he

began selling off his collection nine years before he died. These spectacular sales were highly gratifying to the 4th Marquess of Hertford, another ageing expatriate now living in Paris. He bought some 80 objects, including paintings, watercolours, armour and weapons, snuff-boxes, knick-knacks and jewels, now in the Wallace Collection.

The exhibition only takes up two small rooms so that had it been anywhere else one might not think it worth bothering about. But then, this is the Wallace Collection, a place of rare delights and many

Patricia Morison
marvels at the Demidoff
exhibition at London's
Wallace Collection

art-lovers' favourite museum in all London. If you have never been, the Wallace Collection has an unbelievable wealth of paintings, furniture, sculpture, majolica and porcelain. While a paradise for clock-fanciers, it also has the finest arms and armour outside the Tower of London.

The museum, five minutes walk from Bond Street in Manchester Square, is in a brick and stone mansion with 19th-century galleries and sumptuous drawing rooms so that it hardly feels like a museum at all. The collections were amassed over three generations by two marquesses of Hertford and an illegitimate son, Sir Richard Wallace.

Here you will find 17th-century Dutch low-life scenes and 19th-century Orientalism and the best 18th-century French collection in Britain. Frame to frame hang

superb masterpieces by Titian, Velasquez, Rembrandt, Rubens, Van Dyck, Boucher, Delacroix and more. Just as people are surprised to realise that Manet's *Bar at the Folies Bergère* hangs in the Courtauld Collection, so the Wallace Collection's trump card is Frans Hals' *Laughing Cavalier*.

And yet, not one painting nor candle stick have you seen anywhere else. The Wallace Collection is an exceptional cultural asset seemingly doomed to obscurity - except that doomed is hardly the right word.

By the terms of Lady Wallace's will, nothing can be either lent or borrowed. No grandioses temporary shows means almost no press coverage. Hence, therefore, the freshness and air of exclusivity that reigns over Hertford House. On its silk-hung walls we find works of art blessedly safe from the hury-bury shuttlecockery of the international exhibition scene.

The Demidoff show may be the incentive you need. It sheds light on the shared tastes of two aristocratic playboys, with money to burn and conservative tastes. Not for them the Barbizonists or squalid Realist paintings. Pictures of historical events appealed: battles, lives of painters and, above all, Napoleon. (Had Matilda not been a Bonaparte, she would have been safe from Demidoff's clutches.)

Naturally they had an eye for decorative women, for Fragonard's *Fountain of Love* and Ary Scheffer's airborne nude in *Paulo and Francesca*. Paul Delaroche's *Execution of Lady Jane Grey*, however, was a little too painful for the Marquess - or perhaps simply too well clad. She ended up at the National Gallery.

The exhibition runs to July 25.

Theatre/Paul Driver

Pungent soap

Anthony Neilson's new play at the Finsbury Arms (SW1) cocks a snook at John Major's Back to Basics. That is an unsurprising thing for a new play to do; but though this is a strongly written piece (by the author of *Penetrator*, which recently transferred from the Finsbury to the Royal Court Upstairs), its satirical purpose is a touch too deliberate. The characters are interesting even if the plot is melodramatic. Two effectively parent-

less half-sisters are each living with an older man: in one case a tramp who has lost his memory and is being perversely persuaded by *Fliss* that he is really her long-lost father; in the other a sly middle-aged wife-deserter whose affair with Claire is compromised by the fact that she is enjoying a sadomasochistic relationship with his angry, layabout, Glaswegian son, Sid. Melodrama ensures a quota of sticky ends.

The play unfolds in rapidly changing naturalistic scenes like a soap opera, but has a pungent sexual frankness not yet available to TV and a certain poetic force. Though Sid is verbally vicious in the best Glaswegian manner, he can rise to the inclusive metaphor: kinky fun with Claire and some tabasco becomes a vision of the burning up of the entire social fabric.

Dickie, his father, tells him that he left his wife because she had started to "move through life like treacle". What happens inside a marriage, he

opines, "is a mystery, like the pyramids or the cosmos".

Poorly Dickie is trying his best to please young Claire but only alienates her with his inept presents and his guzzling. Roger McKern brings to the role a well-drawn pathos. Claire herself, reasonable though hard-bitten, and only sheepishly kinky, is attractively taken by Sophie Langham. Rachel Weisz is excellent as her "mad" *Sloane* sibling, Timothy Barlow's Tramp stumbles about with mostly mute grandeur, gasping and tormented. Alastair Galbraith's Sid is alarmingly close to home.

To make a soap opera convincing in a pub takes much ingenuity. The author, directing, and his team have exploited every inch.

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THEATRE IN THE W



John Major, we are told, follows the fortunes of the England cricket XI with a passionate intensity. We have been told so by prime minister Major himself, and he probably believed that at the time he said it, too.

Perhaps Major's latest debacle, his bungled attempt to change the basis of the European Community's voting structure, owed something to the distractions of watching the satellite television coverage of the English cricket team's test match against the West Indies.

I can envisage foreign secretary Douglas Hurd making the short walk across from King William Street to Downing Street, attempting to tell Major that the Spanish were not going to continue to hold out with the British against the

'Douglas, I feel bowled out'

Dominic Lawson imagines John Major's feelings during the test match

rest, to be met with: "Douglas, can't you see that we are on the verge of a famous victory?" The West Indies have not lost a match at Port of Spain for 17 years. If Atherton's men can beat Curtly Ambrose and co, surely you can beat those medium pace trudlers in Brussels."

"But prime minister, Mr Atherton is playing 11 against 11. We are against 11. It's just not cricket out there in the enlargement negotiations."

"Just block the straight balls, Douglas, and whack the loose ones. Oh, and remember to stay on the front foot, in case the French bowl something mean and low."

"Prime minister, I really think..."

"Oh shush, Douglas, Hick has just dropped another sitter, and I want to see the action replay after the break. By the way, why are there so many advertising breaks on Sky, Douglas?"

"Since you ask, prime minister, we agreed that Rupert Murdoch's channel should not have to observe any of the rules which keep terrestrial television tasteful. He said he wouldn't put up the money otherwise."

"I'm afraid, Prime Minister, that your cricketing metaphors are lost on me. I was a wet bob."

"Wet bob? Is that one of your awful political dining clubs? What are you talking about, Douglas?"

"Schooldays, prime minister. We called cricketers dry bobs, and rowers wet bobs. At Eton. You see..."

"Stop reminiscing, Douglas, get back to that easy-paced wicket in Brussels, and play yourself into form, like Graham Thorpe in the first innings."

"Graham Thorpe, prime minister?"

"Oh you must know who I mean, Douglas, the plucky little Surrey left hander."

"I'm afraid, Prime Minister, that your cricketing metaphors are lost on me. I was a wet bob."

"Wet bob? Is that one of your awful political dining clubs? What are you talking about, Douglas?"

"Schooldays, prime minister. We called cricketers dry bobs, and rowers wet bobs. At Eton. You see..."

"I thought I told you never to mention that word in my presence."

"Sorry, prime minister," said Hurd, who, in the awkward silence which followed, began humming "blade on the feather", subversively, under his breath - the Eton boating song had always inspired the foreign secretary at such testing times.

"Well, Douglas, while you've been staring at the ceiling, singing the European anthem, we've got the West Indies all out. Now Atherton and the lads have only got to get 194 runs to win. Sit down in Norma's chair and enjoy watching an English triumph."

The foreign secretary walked across the room, poured himself a glass of good French brandy, and sat down. In the meantime Major seemed suddenly to have slumped in his seat.

Hurd looked at the television with a puzzled expression on his fine patrician features. "Prime minister, why is Mr Atherton walking across the screen with a cartoon picture of a duck under his name?"

"Shut up Douglas, this is serious." A few seconds later another England batsman trudged gloomily across the screen with the same undignified mallard for company. And another. And another. "Exit, pursued by a duck" one might say, "prime minister," chorused the foreign secretary at such testing times.

"Well, Douglas, have it your way. Go back to Brussels, and tell them we give in."

"Quack, quack, prime minister."

■ *Dominic Lawson is Editor of The Spectator.*

He will or he won't

Michael Thompson-Noel

The end of the first quarter. Tempus fugit. At the end of each three-monthly I indulge myself no end by taking stock. I ponder my career. Examine my life-style. Count my money. Scrutinise

my will.

And estimate how many quarterly stock-takings I still have to come - about 52, by my calculation, which is not a large number, sad to say.

I especially enjoy re-reading my will and deciding which of the people mentioned in it should be given greater prominence, or moved into the shadows.

People change as they get older, especially people mentioned in wills. They get nicer, or not, more grateful, or less. You have to keep on top of it, and update the paperwork.

In addition to my usual stock-taking, I have been examining the predictions for 1994 made in this column on January 1, to see how they are faring.

If they are proving to be idiotic my idiocy should be acknowledged, at least by me, for I claimed that they were serious predictions, even if wishful thinking had infected most of them. To calibrate my performance at the end of the first quarter, I decided to award each forecast a provisional score out of 10.

Markets: displaying a machismo that was entirely uncalled for, I predicted that the FT-SE 100 would set a record high of approximately 3,650 before Easter, then endure months of choppiness before falling like a stone in September or October, and finishing the year below 3,000. As it happened, the index topped-out at 3,623 on February 2.

HAWKS & HANDSAWS

I still think it will finish 1994 at a far lower level than experts were predicting on January 1. But even if it does, my other forecast - that gold would approach \$500 an ounce, as a prelude to startling gains at the end of the century - is looking fly-blown. I am counting on China. The Chinese love gold. *Buy more*, you tolling masses. Unless we all heave together, the wretched gold price is going nowhere. *Provisional score out of 10: 4.*

US politics: I predicted "a good year for Bill Clinton - Washington's dozy columnists will finally warm to him - and a good year, too, for Hillary Clinton." I am sticking to my guns, storms in eggcups notwithstanding. *Score: 8.*

UK politics: John Major would resign, to be succeeded as prime minister by Kenneth Clarke; John Smith would meander through another low-key year as Opposition leader; and something "painful and messy" would happen to bossy Virginia Bottomley, the UK health secretary. I still believe that Major will quit Downing Street voluntarily, late in the year, probably late at night, his poor wife in tow, screaming soundlessly. And Smith is certainly snozzling through a low-key year. But Bottomley is uncrushed, in fact, still glowing.

Score: 7.

Sport: I like soccer, so I predicted that the World Cup would be a great success. I know almost nothing about soccer, so I predicted that Norway would beat Brazil 3-1 in the final. I also reckoned that the Grand National steeplechase at Aintree would produce a fiasco to rival last year's. Neither of these events has yet been staged. *Score: 5.*

The monarchy: "A good year for Prince Charles, as more and more people come to appreciate the attraction of having a divorced heir to the British throne. What could be more *fin de siècle* or sophisticated?" (The divorce itself was tipped for 1995). Without doubt, Prince Charles is having a good year, having launched a massive PR campaign to buttress himself against the sniggering of the populace. *Score: 9.*

Religion: "The Church of England will stumble ever faster towards disestablishment and outer darkness." As forecasts go, this is one of my bankers. *Score: 3.*

Hunting: "People who hunt animals - big ones, small ones - will feel more and more like pariahs as revulsion at their activities becomes pronounced." *Score: 7.*

Journalism: Incredibly, I reckoned that news desks would realise that people are fed up with coverage of Russia and China, and wanted about 30 years' silence from those two countries while they licked their wounds and smartened-up their acts. *Score: 6.*

My average provisional score is thus six out of 10. This is not a good score. It has made me gloomy. To revive my spirits, I have torn up my will and am starting again from scratch. The fun is quite considerable.

Private View/Christian Tyler

The bishop with a different Easter

Millions of Christians will not be celebrating Easter this weekend. It is not because they have stopped believing in the Resurrection but because they belong to the Orthodox Church.

Easter follows the first full moon after the spring equinox. For this calculation the Orthodox still cling to the old Julian calendar, according to which the spring equinox occurred on April 3. The result is that their Easter is still a month away.

The discrepancy is just one symptom of the great schism between the churches of Byzantium and Rome, usually dated to 1054 AD when a papal legate threw a Bull of Excommunication over to the altar of Santa Sophia in Constantinople.

A thousand years later, Christian clergy of east and west are still looking for reconciliation. If anyone understands what that involves, it is Bishop Kallistos of Diokleia, assistant to the head of the Greek archdiocese of Thyateira and Great Britain, university lecturer and author of a standard work, *The*

"In the end I felt what mattered was not nationality, but truth," he said. "If Orthodoxy taught the Christian faith with a fulness not possessed by other communities, shouldn't I join them, whatever the historical limitations? Truth is universal."

In the west, Orthodoxy is largely a church of immigrants. It is also fragmented along national lines. Parish organisation has improved but there are few western converts, and those tend to be from the university-educated professional classes. John Tavener, the English composer, is one famous example and Bruce Chatwin, the author, was on the point of joining when he died.

In Russia, however, the church is enjoying a big revival following the collapse of communism. "People feel communism has let them down desperately badly and are looking for some meaning to life," the Bishop said.

But is there, I asked him, any sign of a general religious revival as we approach the millennium?

"What I do think," he replied, "is that while there is deep disillusionment with organised religion there

'I did not feel I was betraying my western culture but really discovering its true roots and true meaning... I feel it's not made me less English, but more English,' says Orthodox priest Bishop Kallistos

Orthodox Church.

For behind the black-rimmed spectacles and whiskery silver beard - an accoutrement which does for an Orthodox priest what a full-bottomed wig does for a British judge - there hides an Englishman.

Bishop Kallistos began life as Timothy Ware, the son of an English soldier. His father was a brigadier in the Durham Light Infantry and fought two world wars. Both parents were church-going, middle-of-the-road Anglicans.

The boy was not military, not even athletic, but very precocious intellectually; he suffered a bout of religious scepticism at the age of 13 when, arriving at Westminster School, he began to read philosophers such as Bertrand Russell.

"I do remember thinking when I was 13 there is no proof for the existence of God," he said. (Russell made the same discovery at about the same age, but with quite different results.)

By the age of 14, Timothy Ware had returned to religion. "Not because I found any single answer," he said, "but because I concluded there were a great many things in this world that could not be proved, that almost all the things by which we directed and guided our lives were attitudes for which there was no proof. Then I also thought about why I have feelings of right and wrong - not just conditioning, but going deeper than that."

He considered becoming a Roman Catholic but found the Pope's claim to supremacy inconsistent with his reading of early church history. A visit to a Russian Orthodox church at 17 made a deep impression but it was six years later, after taking a double first at Oxford and studying theology, that he joined the Greek Orthodox. When he was ordained in 1985 he was the first non-Greek priest in the British diocese.

"I am very troubled by the great growth of an extreme radical, liberal position within Anglicanism," he said. "I respect the sincerity of the people who are grappling with great questions. But the way they set out to answer those questions is not likely to bring the country back. It's not a way to help people in moments of crisis and despair."

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is nonetheless considerable spiritual thirst and interest in the inner resources of the human person.

"This may take different forms. Some 20 years ago people looked to India or Zen Buddhism. Nowadays people are drawn often to the 'New Age' - a lot of what that means makes me feel very unhappy. Nonetheless, I can see a spiritual craving there, a rebellion against the values of a purely material way of life. The interest in ecology is another aspect of it. But churches don't seem to be responding."

How, I asked, could a church as antique and traditionalist as the Orthodox hope to respond?

"I would want to say that tradition has to be understood as a living reality, not simply rigid conservatism. Real loyalty to tradition implies a critical spirit. You've got to look at your past inheritance and say which bit of it is essential, which just historically conditioned. I would like to see the Orthodox Church living its tradition much more intelligently and reflectively."

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remain firm in upholding our own position."

The most likely, even imminent, reunion would be with the so-called Oriental Orthodox of the Middle East, north Africa, Armenia and India which veered off after the Council of Chalcedon in 451 AD.

Among western Christians, the Roman Catholics are doctrinally closest. But there are some serious historical vendettas to be overcome. The Serbs, for example, remember massacres at the hands of Croatian Catholic fascists during the second

world war, and have witnessed continuing destruction of their churches even outside the fighting zones. In the Ukraine, there is resentment against the Vatican's support of revival of the eastern Catholic or Uniate church.

Bishop Kallistos said the chief doctrinal problem was the Pope's claim to infallibility and jurisdiction over the whole of Christendom. But he argued, under another pontiff both claims might be susceptible to redefinition.

So, too, might the *filioque*, an

economic miracle, has been founded on the basis of a government which does nothing and creates obstacles.

As an Italian colleague, an expatriate Rossi, told me: "The trouble with policies is that they can go wrong."

He is comforted that Berlusconi was helped to his present eminence by his contacts with the former socialist leader, Bettino Craxi, now charged with corruption. And that he was a member of the powerful P2 Masonic lodge which seems to have lurked behind some unsavoury milestones of contemporary Italian history.

Such a change would vindicate fully the complex game played by the British government which, this week, ensured an increase in the number of votes needed to block proposals in the EU's council of ministers.

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■ *James Morgan is economics corre-*

spondent of the BBC World Service.

As They Say in Europe / James Morgan

Italy: a case of plus ça change?

even by Sunday night, Rossi had not been able to make up his mind. When he did, it seems he voted for Silvio Berlusconi's Forza Italia.

The victory of this grouping and what the press call *le tre destre italiane* - the three Italian right wing parties - led to some complex speculation. *Corriere della Sera* decided they each had, more or less, "ancient and profound roots but together represent a new phenomenon". This is part of the truth.

Berlusconi's policies were described by an Italian professor, writing in *Le Monde*, as "all originating in the Thatcherite pharmacopeia of Anglo-Saxon neo-conservatism." That highlights what was truly a new phenomenon in Italy. A party had not only put forward a

political programme but had actually won the election, too.

According to the professor, Marcello Da Cecco, Berlusconi's borrowed programme ends in the "definitive defeat of the trade unions and the re-distribution of income in favour of the rich". But Da Cecco did, accidentally, explain how an Italian party had been able to succeed when burdened with a political programme, especially such an appalling one. He noted that it had "neither been questioned nor discussed" during the campaign.

By tradition, politics were never discussed on such occasions. Italian parties had highly political names - Christian Democrats and so on - but no content. Only slogans. Ber-</p